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C 67

TWENTY-FIRST ANNUAL GENERAL REPORT
OF THE COUNCIL
OF THE
CORPORATION OF FOREIGN
BONDHOLDERS.

Incorporated on the First of August, 1873,

By Licence of the Board of Trade.

For the Year 1893.

TO BE SUBMITTED TO THE
GENERAL MEETING OF MEMBERS OF
THE CORPORATION,
CONVENED FOR
THE 5th of APRIL, 1894, at 3 O'CLOCK, P.M.,
*At the Councilhouse, 17, Moorgate Street,
in the City of London.*

LONDON :
COUNCILHOUSE, No. 17, MOORGATE STREET.
MARCH, 1894.

MEMBERS OF THE COUNCIL.

THE RIGHT HON. SIR JOHN LUBBOCK, BART., M.P., F.R.S., *Chairman.*

RICHARD BIDDULPH MARTIN, ESQ., M.P., *Deputy-Chairman.*

CHARLES E. BARNETT, ESQ.

W. H. BISHOP, ESQ.

E. O. P. BOUVERIE, ESQ.

HYDE CLARKE, ESQ.

ROGER EYKYN, ESQ.

W. R. FARQUHAR, ESQ.

ADMIRAL FIELD, M.P.

THE RIGHT HON. SIR MOUNTSTUART

E. GRANT-DUFF, C.I.E., G.C.S.I.

THE RIGHT HON. W. L. JACKSON, M.P.

W. R. MALCOLM, ESQ.

J. W. PHILIPPS, ESQ.

RIGHT HON. LORD PLAYFAIR,
K.C.B.

SIR G. RUSSELL, BART., M.P.

HIS HONOUR JUDGE SNAGGE.

CORNELIUS SURGEY, ESQ.

THE RIGHT HON. SIR EDWARD
THORNTON, G.C.B.

WILLIAM TROTTER, ESQ.

SIR HENRY W. TYLER.

GEN. SIR LUTHER VAUGHAN, K.C.B.

Consulting Secretary.

HYDE CLARKE, ESQ.

Secretary.

CHARLES O'LEARY, ESQ.

Assistant Secretary.

J. P. COOPER, ESQ.

Solicitors.

Messrs. TRAVERS SMITH & BRAITHWAITE.

Messrs. NORTON, ROSE, NORTON & Co.

Notary.

WILLIAM GRAIN, ESQ.

Auditors.

Messrs. COOPER, WINTLE, SAINSBURY & Co.

Bankers.

Messrs. ROBARTS, LUBBOCK & Co.

The Corporation of Foreign Bondholders.

NOTICE OF GENERAL MEETING.

NOTICE IS HEREBY GIVEN that the TWENTY-SECOND ORDINARY GENERAL MEETING of the CORPORATION OF FOREIGN BONDHOLDERS will be held at the COUNCILHOUSE, No. 17, Moorgate Street, in the City of London, on Thursday, the 5th day of APRIL, 1894, at THREE o'clock, p.m., for the following purposes :—

- (1.) To consider the Report of the Proceedings of the Council, and the Statement of Accounts made up to the 31st December, 1893.
- (2.) To elect four Members of the Council, in the place of Mr. E. O. P. Bouverie, Sir G. Russell, Bart., M.P., the Right Hon. Lord Playfair, K.C.B., and the Right Hon. Sir John Lubbock, Bart., M.P., who retire by rotation, but, being eligible, offer themselves for re-election.
- (3.) To elect Auditors for the ensuing year. Messrs. Cooper, Wintle, Sainsbury & Co., the retiring Auditors, offer themselves for re-election.
- (4.) To transact all such other business as may be transacted at Ordinary Meetings of the Corporation, and to pass Resolutions thereon.

The following gentlemen have been nominated by Mr. G. D. Ingall for seats on the Council :—Messrs. G. D. Ingall, W. T. F. M. Ingall, A. Wagg, C. W. Groos, Cecil Hartridge, Sir Joseph McKenna, Messrs. W. Wren, F. H. Williams, Levi Cohen, and J. S. Ballin.

By order of the Council,

CHARLES O'LEARY,

Secretary.

COUNCILHOUSE,

17, MOORGATE STREET, E.C.,

20th March, 1894.

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TWENTY-FIRST REPORT

OF THE

CORPORATION OF FOREIGN BONDHOLDERS.

THE Council have the honour to submit their Twenty-first Annual Report to the consideration of the members of the Corporation, together with the Balance Sheet, made up to the 31st of December, 1893.

AN important feature of the past year has
ARGENTINA. been the settlement concluded by the
Committee presided over by Lord Rothschild with the Argentine Government, in virtue of which cash payments on all the direct national obligations were resumed on the 1st of January. The resumption is only partial, for, whilst the sinking fund is entirely suspended till 1901, the interest on all the Loans, including those specifically secured on the Customs has been subjected to certain reductions for five years. But even with these qualifications the Agreement met with general approval, and was ratified by the Bondholders.

AS regards the Buenos Ayres Loans, which
BUENOS AYRES are only second in importance to those of
LOANS. the National Government, it has been
impossible to make any progress towards
their settlement, owing to the political disturbances which broke out in the summer of last year, and ended in the

expulsion of the Provincial Governor. His place has been temporarily filled by a functionary nominated by the National Executive, whose duties appear to be limited to the maintenance of public order. This provisional arrangement will, it is understood, soon come to an end by the election of a new Governor, and when this takes place the interrupted negotiations will be prosecuted with energy and, it is hoped, with success.

Another very important question pending with the Government of the Province of CEDULAS. Buenos Ayres is that of Cedulas, but in this case also the administrative interregnum has proved an insuperable obstacle to the settlement of the question. In connection with this matter it may be mentioned that the Committee representing the Holders of Cedulas, which has been in existence since 1891, has been affiliated to the Council, and has been strengthened by the addition of other members. An account is given in the Appendix of the steps taken by the Committee, in conjunction and with the assent of the Council, to enlist the support of the Bondholders, and ensure their effective representation.

In the Appendix will be found the usual statistical information, as complete as it has been possible to obtain it, regarding the various States whose Foreign Debts have formed the subject of arrangement, and those which remain in default. The number of the DEFAULT OF latter, the Council much regret to report, GREECE AND has been increased by the recent suspension GUATEMALA. of payments by Greece and Guatemala. In both countries the Securities pledged to the Bondholders have been summarily confiscated, and the

revenues already collected and set aside for the services of the Debts have been diverted from their legal application ; though in both cases, while these violations of solemn engagements have taken place, the Governments profess a desire to do nothing of a permanent character without consultation and arrangement with their creditors.

Nothing that had until lately appeared relative to the condition of either country had prepared the Bondholders for such a catastrophe, and it is not surprising if the feeling of distrust already prevailing among the holders of Foreign Securities has been intensified, and has extended to countries not directly affected by the default of Greece or Guatemala, and whose engagements and credit have been upheld under circumstances equally difficult.

With a view to the effective representation and protection of the interests of the holders of Bonds of Greece and Guatemala, Committees of Bondholders of the two countries have been appointed and are now, in conjunction with the Council, taking all possible measures to safeguard their rights and expedite a settlement. In the case of Greece, the Council and the Committee acting with them, have come to an accord with similar Committees appointed in Paris and Berlin as to the policy to be pursued and the aims to be attained. The combined efforts of the three Committees will, it is hoped, result in an equitable arrangement.

The Council desire to call especial attention to the able Report on the Finances of Mexico which Señor Limantour, the Minister of Finance, presented last year to the Congress of the Republic, and of which a synopsis is given in the Appendix. The sound fiscal policy adopted by

the Mexican Government, with a view to counteract the depressing effects of the crisis resulting from the depreciation of silver, will, it is hoped, be attended with the success which it certainly deserves. No measure calculated to improve the situation appears to have been omitted; new taxes have been imposed, and existing contributions increased, at the same time that large savings both in the military and civil services have been effected. This adherence to sound principles at a time when the custom has been rather to establish budgetary equilibriums at the expense of the public creditors, is deserving of commendation, and reflects much credit on the Mexican Government.

The efforts made by the Council, in concert
 PORTUGAL. with the French, German, Dutch, and Belgian Committees of Portuguese Bondholders, to induce the Government of Portugal to make some provision for the redemption of the Certificates issued in 1892 and 1893 by the Committees and the Government itself, in respect of the unpaid portion of the Coupons, have not yet proved successful. Nor have the advantages held out by the Government as likely to accrue from the Decree of last year resulted, up to the present, in any increase of Interest. The unjust disparity of treatment between the Foreign and Internal Bondholders therefore continues the same, and will, so long as it remains unredressed, render it impossible for Portugal to recover her lost credit.

The reports received from Turkey show
 TURKEY. that the condition of that country has not been such as to favour an upward movement of the revenues. The harvests of 1892, although

abundant in quantity, were not good in quality, and were inferior to those of the previous year.

The effects of this will be felt during the first months of the current financial year and until the harvests of the present year are gathered in and the usual export trade commenced. Nevertheless, it is a satisfactory sign that in spite of adverse conditions the total gross Revenues for the first nine months of the current financial year ending March, 1894, have maintained the level reached during the corresponding period of the year 1892-93.

The Council consider, when all the circumstances are taken into account, that the present situation reflects great credit upon the administrative capacity and care of the Council of Administration at Constantinople. It should be noted that, according to reports received from Constantinople, it is likely that the expenditure for the current year will exceed that for last year; but it is to be hoped that this expenditure, which is being incurred in order to effect very important administrative reforms which will tend to promote the increase of the ceded revenues, and will therefore benefit the Bondholders. It is, moreover, small in proportion to the general total of the revenue administered, and does not affect the finances of the present year. A sum of £385,000 has already been amortized during the first ten months of the year ending December 31st, 1893, whilst the amount set aside as a reserve for the increase of interest will be found to be equal to that so set aside in 1892-93.

The general state of Turkish finance is described as being satisfactory, the net decrease in the total Turkish Public Debt in the year included between

September, 1892, and September, 1893, having been, as shown by Mr. Vincent Caillard in his Report* recently published, £T.932,030. Although in the month of May a fresh Loan of £T.1,000,000 was raised, no fresh charge was added to the previous budget of the Imperial Treasury, since this Loan is secured on the "redevance" paid to the Government by the recently-formed Tumbeki monopoly.

The railways recently constructed or in course of construction will tend to improve the economical situation of the country, as is already proved by the condition of the provinces through which the Anatolian Railway, only completed as far as Angora on the 31st December, 1892, passes. Those interested in Turkey and in Turkish finance cannot do better than refer, both on this point and on any other affecting the economical condition of Turkey, to Mr. Vincent Caillard's Report above mentioned.

Another encouraging event of the last year

URUGUAY. has been the improvement in the economic and fiscal condition of Uruguay, as exemplified by the increase of the import and export trade and of the railway traffic. The latter is a particularly gratifying feature, as any diminution of the guarantees payable by the Government renders easier the payment of the permanent charges of the Public Debt. Notwithstanding the adverse conditions which until lately had prevailed, the Government has complied punctually with the engagements contracted under the Arrangement of 1891. The Council may fairly claim that the conclusions arrived at with regard to that Arrangement by the Committee of Bondholders, have been fully justified by subsequent events.

* This Report can be obtained gratis on application at 17, Moorgate Street.

The final step in the long-protracted negotiations with the State of Virginia has been taken during the past year by the delivery of the New Two per Cent. Bonds to Depositors under the scheme of settlement concluded by the New York Virginia Bondholders' Committee. The announcement that the State has a sufficient surplus in her Treasury to enable her to buy up her own depreciated Bonds at the rate of \$100,000 per month, is eloquent proof of the correctness of the contention of the Council and the Bondholders' Committee acting with them, that Virginia could easily afford to pay more than what she declared to be the utmost of her capacity. The Council once more express their regret that a people living in profound peace in the midst of one of the richest and most prosperous communities in the world, should have compelled the creditors to accept terms which were in no way justified by the existing conditions or future prospects of the State.

The attention of the Council has been called to a communication in the form of a Draft Circular which they understand has been issued to some Members of the Corporation, and which contains the following passage :—

"You are probably aware that many Members consider that those whose money was used to establish the Corporation are entitled to receive a substantial benefit from it, and the hope has ever been present that the Council would sooner or later make an arrangement beneficial to the Members. It was therefore a matter of surprise and disappointment to us to learn from the speech of the Chairman at the last General Meeting that it is not the intention of the Council to make any arrangement whereby the Members may participate in the large amounts of funds which have accumulated, nor (*sic*) in the profits which may be made hereafter."

The extent of the publicity given to the above remarkable utterances is unknown to the Council, but it may be well to remind the Members that the License conferring

upon the Corporation the Statutory privilege of being registered as a Company with limited liability, but without the addition of the word "Limited" after its name, was granted upon an express condition, recited on the face of the License itself, that

"the income and property of the Association whencesoever derived shall be applied solely towards the promotion of the objects of the Association and no portion thereof shall be paid or transferred, directly or indirectly, by way of dividend or bonus, or otherwise howsoever, by way of profit, to the persons who at any time are or have been Members of the said Corporation, or to any of them, or to any person claiming through any of them."

As far back as the year 1883, the question thus revived was raised, and the Council took the opinion of Sir Farrer Herschell, then Solicitor-General and now Lord Chancellor, and Mr. Phipson Beale (now one of Her Majesty's Counsel). The following is the text of their opinion :—

"1. We are of opinion that the accumulated assets of the Corporation, after discharge of the contributions and interest mentioned in the Memorandum of Association, will be applicable solely to the objects expressed in the Memorandum. We do not think that any distribution can properly be made amongst the Members of the Corporation without the consent of each individual Member to the whole scheme of distribution. If any such distribution were made or attempted without such consent, we are of opinion that it would be open to a dissentient Member to frame an action for an injunction to restrain such distribution and to replace assets so distributed. The matter is not free from doubt, but we think that if any Member thought proper to bring such an action he would have a fair chance of success.

"2. We are of opinion that the Permanent Members who have not yet received back their contributions mentioned in the Memorandum are entitled to receive the same and interest thereon out of the assets of the Company. We cannot advise that the Members (whether Permanent Members, Life Members, or Annual Subscribing Members) have any other rights in respect of the assets, except to have them applied to the objects mentioned in the Memorandum of Association. We do not think that such rights could, without the concurrence of all the Members, be made available for the individual or personal benefit of the Members (not being such indirect benefit as comes within the objects defined in the Memorandum) without running the risk of successful interference by a dissentient Member in the manner above mentioned.

"3. We are of opinion that the subscribers to the original scheme have not under the circumstances stated any rights as such in

"respect of the assets of the Corporation. The rights of those who became Members are only those of Members as above indicated, and those who did not become Members appear either to have been repaid or to be debarred from claim by lapse of time."

It may further be pointed out that

"If the Corporation . . . shall pay or transfer directly or indirectly, by way of dividend, bonus, or otherwise howsoever, by way of profit, to the persons who at any time are or have been members of the Corporation, or to any of them, or to any person claiming through any of them . . . the liability of every Member of the Council of the Corporation shall be unlimited, and the liability of every Member of the Corporation who has received any such dividend, bonus, or other profit as aforesaid, shall likewise be unlimited."

Vide MEMORANDUM OF ASSOCIATION, Paragraphs 5 and 6.

The course suggested being illegal, it is hardly necessary to discuss the question whether, if legal, it would have been expedient. The whole idea of a division of profits is in direct variance with the cardinal principle of the Institution, which was to accumulate a fund which would ultimately suffice to provide for the efficient representation of the interests of the holders of Foreign Loans. The Council desire to point out that even if any payment were legal, unless the revenue of the Corporation were considerably augmented by an increase of the moderate sums they seek to receive on effecting settlements, no appreciable interest could be paid to the Certificate-holders; and they entirely concur in the view expressed by the Chairman at the last Annual Meeting, that if that course were adopted, it would materially diminish the influence of the Corporation with Foreign Governments, and consequently their power to assist English investors.

The Council are again indebted to the
 LIBRARY. Governments of the Argentine Republic,
 Bavaria, Canada, Ecuador, Egypt, France,
 Luxembourg, Mexico, the Netherlands, New South Wales,

New Zealand, Paraguay, Portugal, Turkey, the United States, and Victoria, for their liberal and valuable contributions to the Library of the Corporation. These Official Publications, giving statistics of the finance and commerce of the respective countries, are of great and permanent utility.

The Council take this opportunity of recording their deep regret at the deaths of General Sir George Balfour, K.C.B., and Mr. J. H. Daniell, C.B. These vacancies have been filled by the election of the Right Hon. W. L. Jackson, M.P., and of Mr. J. W. Philipps.

In accordance with the provisions of the Articles of Association, Mr. E. O. P. Bouverie, Sir George Russell, Bart., M.P., the Right Hon. Lord Playfair, K.C.B., and the Right Hon. Sir John Lubbock, Bart., M.P., retire from the Council by rotation, but, being eligible, offer themselves for re-election.

In January last a communication was received from Mr. G. D. Ingall, proposing to increase the number of the Council, and nominating the following gentlemen for election:—Messrs. G. D. Ingall, W. T. F. M. Ingall, A. Wagg, C. W. Groos, Cecil Hartridge, Sir Joseph McKenna, Messrs. W. Wren, F. H. Williams, Levi Cohen, and J. S. Ballin.

The Council do not think it would be desirable to increase the number, and feel bound, therefore, to oppose the motion.

Messrs. Cooper, Wintle, Sainsbury & Co., the retiring Auditors, offer themselves for re-election.

JOHN LUBBOCK, *Chairman.*

CHARLES O'LEARY, *Secretary.*

20th March, 1894.

ARGENTINA.

Argentine Committee.

The Lord Eustace Cecil, *Chairman.*

The Right Hon. Sir John Lubbock, Bart., M.P., *Ex-officio.*

L. J. Baker, Esq.

S. C. Boulter, Esq.

F. Campion, Esq.

E. Johnstone, Esq.

R. B. Martin, Esq., M.P.

W. T. Morrison, Esq.

R. J. Neild, Esq.

C. Sligo de Pothonier, Esq.

L. Salomons, Esq.

Maj.-Gen. A. de C. Scott.

W. Trotter, Esq.

Secretary.

Charles O'Leary, Esq.

In November, 1892, shortly after the installation of the present National Administration, Señor Romero addressed a Report to the President of the Republic reviewing the financial situation. The Report was instructive from every point of view, but in England it chiefly attracted attention from the declaration which it contained that the situation would not admit of a full resumption of cash payments at the expiration, in January, 1894, of the Moratorium Arrangement concluded with the Committee appointed by the Bank of England, of which Lord Rothschild was Chairman.

Following closely on this declaration, Señor Romero invited the Firms who had issued the External Loans to send Commissioners to Buenos Ayres to discuss the bases of a new Arrangement. This invitation was declined by all the Houses concerned, both in England and on the Con-

tinent, but later on Messrs. Baring Brothers, through their representative on the spot, entered into *pourparlers* with the Government, the result of which was communicated to Lord Rothschild in the following letter:—

LONDON, *April 18th*, 1893.

MY LORD,

In consequence of a letter addressed in January last to English Houses who had issued Argentine Loans, by Señor Dominguez, the Argentine Minister in London, our representative in Buenos Ayres has for some time been in communication with Dr. Romero, the Minister of Finance, who expressed himself anxious to come to some settlement of the External Debt. After many interviews during the last two months our representative now informs us by cable that Dr. Romero offers to pay to the Holders of the External Debt, from July 1st, 1893, a yearly sum of £1,500,000, as Interest on the Loans specified in the annexed list, all Sinking Funds being suspended. The Finance Minister declares that this is the utmost that the country can afford to pay at present, but that if the Bondholders were willing to accept for the present this offer he would recommend his Government to undertake to resume full Interest from July 1st, 1898, and to resume the Sinking Funds from January 1st, 1901. In view of our position towards the Bondholders we feel bound to place this offer before them, and shall therefore be much obliged to you if you will communicate it to your Committee, with a view to a reply being made to the Minister. Dr. Romero is very anxious to substitute payment in cash for the further issue of Funding Bonds, and suggests that the apportionment of the yearly sum of £1,500,000 should be arranged in London by the Bondholders.

We remain, etc.,

For BARING BROTHERS & CO. (LIMITED),

(Signed) JOHN BARING, *Director*.

The Right Hon. the LORD ROTHSCHILD,
Chairman of the Argentine Committee.

A copy of this letter was also communicated by Messrs. Baring to the Chairman of the Council, for the information

of the Bondholders' Committee acting in conjunction with them, but the negotiation which ensued was conducted entirely by Lord Rothschild's Committee, to whom every credit is due for having brought it to as satisfactory a conclusion as circumstances permitted. The nett result of the negotiation was only an increase of £65,000 to the amount offered by Señor Romero, but the augmentation, small as it was, enabled the Committee to make a slightly more equitable and more convenient distribution of the annuity among the different classes of Bondholders than the first offer would have allowed.

The preliminary bases of settlement arrived at were to the following effect: that the Government should remit annually to the Bank of England £1,565,000 for the first five years and the full service of the Debt for the sixth year. After the sixth year, payment in full of all Loans to be resumed through the original issuing Houses. For the first five years the Interest on the 5 per cent. Loan of 1886 to be reduced to 4 per cent., on the 5 per cent. Water Works Loan to 4 per cent., and on the 6 per cent. Funding Loan to 5 per cent., all other Loans receiving 60 per cent. of the face value of the Coupons. The extra funds to be remitted by the Government on the sixth year to be applied, in the first place, to repay all the deductions made from the 1886 Loan, and in the second place to the repayment, as far as the funds will go, of the deductions made from the Funding Loan. It was further agreed to suspend the Sinking Fund on all the Loans till the 1st January, 1901.

The foregoing bases of settlement were submitted to a General Meeting of Bondholders, held on the 19th of June last, when the following Resolution was unanimously adopted:—

RESOLVED—That this General Meeting of Holders of Argentine External Bonds hereby accept the Provisional Agreement for the settlement of the Argentine National External Debt entered into between the Argentine Government and the Committee presided over by Lord Rothschild, and authorises the Committee to conclude the necessary arrangements for carrying the same into effect.

Acting on the powers thus conferred, Lord Rothschild, on behalf of the Bondholders, concluded a definitive Arrangement with the Argentine Minister in London, of which the text is as follows :—

AGREEMENT

As to the remittance of Funds for payment of Interest on the various Argentine Loans constituting the National External Debt.

THIS AGREEMENT *ad referendum* made the third day of July 1893 Between DON LUIS LOPEZ DOMINGUEZ Envoy Extraordinary and Minister Plenipotentiary of the Argentine Republic in London acting on behalf of the Government of the said Republic of the one part and THE RIGHT HONOURABLE NATHANIEL MAYER LORD ROTHSCHILD of New Court, St. Swithin's Lane, in the City of London (hereinafter called Lord Rothschild) of the other part Whereas Lord Rothschild is the Chairman of a Committee known as the Rothschild Committee some time since formed for the purpose of entering into negotiations with the Argentine Government in regard to the interest on the Bonds of the National Government External Debt And whereas Lord Rothschild was authorised by a meeting of Bondholders of the said External Debt convened by the Rothschild Committee in conjunction with the several houses charged with the service of the Argentine External Loans held at the Cannon Street Hotel London on the 19th day of June 1893 to enter into an Agreement *ad referendum* as to the manner in which the Argentine Government shall hereafter pay the interest in cash on the fourteen Loans specified in the first part of the Schedule hereto the particulars contained in which have been supplied by His Excellency the Finance Minister of the said Government And whereas the negotiations between the said Government

and the said Committee involved the formulation of a scheme for the release by the Government of the Buenos Aires Water Supply and Drainage Company Limited from all claims on the part of the Government on certain conditions which conditions are embodied in an Agreement bearing even date herewith And whereas the present Agreement is conditional on the same being ratified by the Argentine Congress.

Now it is hereby agreed as follows :—

1. In order to meet and discharge the Coupons for interest on the several Loans specified in the first part of the Schedule hereto as and when they respectively mature the Argentine Government will punctually and in due time remit in cash through the Argentine Legation in Great Britain to the Bank of England in London (which Bank has been appointed the agent of the Rothschild Committee to receive the same) to be placed to the credit of the several persons forming the Rothschild Committee viz. Lord Rothschild, Walter Hayes Burns Esquire, George Wilkinson Drabble Esquire, Herbert Cokayne Gibbs Esquire, Charles Herman Goschen Esquire and Everard Alexander Hambro Esquire the sum of £1,565,000 annually from the 12th July 1893 to the 12th July 1898 inclusive which sum shall be distributed and apportioned by the Rothschild Committee or through the medium of some other person or persons to be nominated by them in the proportions and manner which was arranged between the Rothschild Committee and the Bondholders present at the said meeting The said sum of £1,565,000 shall include the commissions which the various houses charged with the service of the Loans are entitled to under their respective contracts but the said commissions shall be paid only in respect of the sums actually paid to the Bondholders under this Agreement.

2. From the 12th July 1898 to the 12th July 1899 inclusive the Argentine Government will remit to the Bank of England as the agent appointed by the Rothschild Committee to be distributed and apportioned as they have arranged with the said Bondholders (which arrangement is set forth in the second part of the said Schedule) the full amount of the interest for the said twelve months on the fourteen Loans specified in the first part of the said Schedule.

3. From the 12th July 1899 to the 12th January 1901 inclusive the Government will remit the full amount of the interest payable on the

said fourteen Loans but the remittances shall not be made to the Bank of England as such agent as aforesaid but shall be remitted as heretofore directly to the various financial houses in Europe charged with the service of the Loans.

4. From and after the 12th January 1901 the sinking funds on the said fourteen Loans shall be resumed and the sums required for the entire service of the said Loans including both interest and sinking fund shall be remitted directly by the Government in cash to the several houses charged with the service of the Loans respectively according to the tenor of the several Bonds.

5. In case the Loan No. 3 in the first part of the said Schedule and known as the Six per Cent. Funding Loan 1891 shall be increased beyond the amount stated by the said Finance Minister, viz., £6,593,000 then the excess required for the service of the increase shall be remitted separately over and above the said £1,565,000 per annum.

6. This Agreement is subject to confirmation by the Argentine Congress and is not to be binding on either party until it has been so confirmed.

As witness the hands of the parties hereto.

L. L. DOMINGUEZ.
ROTHSCHILD.

Witness to both Signatures—

RICHARD DAWES,
9, Angel Court,
Throgmorton Street, London,
Solicitor.

THE SCHEDULE ABOVE REFERRED TO.

PART I.

No. of Loan.	Denomination.	Outstanding Amount	Names of Houses charged with the service of the Loans.
1	5 % Loan, 1886-7 ...	7,582,000	La Banque de Paris et des Pays Bas and Baring Brothers & Co., Limited, and J. S. Mor- gan & Co.
2	5 % Waterworks Loan, 1892	6,324,400	Baring Brothers & Co., Limited
3	6 % Funding Loan, 1891	6,593,000	J. S. Morgan & Co.
4	6 % Railway Loan, 1881	375,440	La Banque de Paris et des Pays Bas and Baring Brothers & Co., Limited.
5	6 % Buenos Aires, 1824	166,257	Baring Brothers & Co., Limited
6	5 % Loan, 1884 ...	1,471,500	La Banque de Paris et des Pays Bas and Baring Brothers & Co., Limited.
7	5 % North Central Railway Extension	3,768,100	Baring Brothers & Co., Limited
8	5 % Treasury Con- version, 1887 ...	585,150	Do. do.
9	5 % North Central Railway (2nd Issue)	2,863,680	J. S. Morgan & Company.
10	5 % Banco Nacional, 1887 (German Loan)	1,887,301	Disconto Gesellschaft Berlin.
11	5 % Buenos Aires Port	1,384,700	The London and River Plate Bank, Limited.
12	4½ % Internal 1888 quoted in London	3,674,087	The Deutsche Bank and Baring Brothers & Co., Limited.
13	4½ % Sterling Ex- ternal Conversion Loan	5,030,080	Disconto Gesellschaft and Baring Brothers & Co., Limited.
14	3½ % External Con- version Loan ...	2,447,280	Stern Brothers.
		44,152,975	

PART II.

The Amount of the Remittance.	How to be Distributed.
<p>From 12th July, 1893 to 12th July, 1898. £1,565,000 per annum.</p>	<ol style="list-style-type: none"> 1. 4 per cent. per annum on the Loan No. 1 in the 1st Schedule. 2. 4 " per annum on the Loan No. 2 in the 1st Schedule. 3. 5 " per annum on the Loan No. 3 in the 1st Schedule. 4. On all the other Loans enumerated in the 1st Schedule 60 per cent. of the interest which was payable thereon at the time the payment in Funding Bonds was commenced.
<p>From 12th July, 1898 to 12th July, 1899.</p>	<ol style="list-style-type: none"> 1. 5 per cent. (being full interest for that year) to the Holders of Bonds of Loan No. 1. 2. The payments to the various Holders of Bonds of Loans Nos. 2 to 14 inclusive as in the previous five years. 3. A sum sufficient to recoup to the Holders of Bonds of Loan No. 1 the amount (viz. 1 per cent. per annum) deducted from their interest during the preceding five years. 4. The balance remaining unappropriated to the Holders of Bonds No. 3 towards arrears of interest.
<p>From 12th July, 1899 to 12th January, 1901.</p>	<p>The full interest due on every class of Bond composing the National External Debt.</p>
<p>From 12th January, 1901 during the currency of the Loans.</p>	<p>The full interest on every class of Bond composing the National External Debt and the Sinking Fund in every case as provided by the Conditions of Issue.</p>

This Arrangement was ratified by the Argentine Congress on the 14th December, 1893, and was immediately put in operation, the Coupon maturing on the 1st of January having been duly paid.

THE PUBLIC DEBT.

The following is the Official Statement of the National External Gold Debt :—

NATIONAL EXTERNAL DEBT.

No. of Loan.	Denomination.	Outstanding Amount.
1.	5 per Cent. Loan, 1886-7	£7,582,000
2.	5 per Cent. Waterworks Loan, 1892	6,324,400
3.	6 per Cent. Funding Loan, 1891	6,593,000
4.	6 per Cent. Railway Loan	375,440
5.	6 per Cent. Buenos Aires, 1824	166,257
6.	5 per Cent. Loan, 1884	1,471,500
7.	5 per Cent. North Railway Extension	3,768,100
8.	5 per Cent. Treasury Conversion, 1887	585,150
9.	5 per Cent. North Central Railway Second Issue	2,863,680
10.	5 per Cent. Banco Nacional, 1887 (German Loan)	1,887,301
11.	5 per Cent. Buenos Aires Port	1,384,700
12.	4½ per Cent. Internal, 1888, quoted in London ...	3,674,087
13.	4½ per Cent. External Conversion Loan	5,030,080
14.	3½ per Cent. External Conversion Loan... ..	2,447,280
		<u>£44,152,975</u>

INTERNAL DEBT.

The following is a Statement of the Internal Debt published by *La Prensa*, and presumably obtained from Official sources:—

	Dollars Paper.	Dollars Gold.
Public Funds belonging to the Guaranteed Banks, and retained under Law of November 3rd, 1887 ... ..	...	32,590,335
Public Funds, Law of 2nd September, 1881	464,587	...
Public Funds in Circulation belonging to Private Banks not under the Law, and the only ones redeemable at 1 per cent. per annum ... ..	...	3,395,500
Public Funds, Law of June 30th, 1884... ..	594,600	...
Public Funds, 6 per cent., and 1 per cent. Sinking Fund, belonging to the service of the National Hypothecary Bank ... ..	...	1,664,531
Public Funds, Law of 23rd June, 1891... ..	28,486,700	...
Public Funds, Law of 16th October, 1891	13,763,700	...
	<u>\$43,309,587</u>	<u>\$37,650,366</u>

FLOATING DEBT.

On December 27th, 1893, the President, in a Message to Congress, requested that body to sanction a Bill for the Consolidation of the Floating Debt which, His Excellency stated, amounted on the 30th November, 1893 to \$20,460,343 paper, and \$13,517,732 gold, as follows :—

FLOATING DEBT, NOVEMBER 30TH, 1893.

	Dollars Paper.	Dollars Gold.
Accounts passed and unpaid	3,284,877	3,946,647
„ from 1886-1892... ..	1,843,406	6,659,682
Bills unpaid	2,422,819	165,721
Accounts unchecked, Civil	429,906	2,238
„ Military	693,444	...
„ Interior	248,780	216,338
„ Foreign	27,060	1,200
„ Justice	108,671	...
„ War	2,880,362	...
„ Marine	421,636	6,587
„ Chamber of Deputies	1,449,375	3,000
„ „ „ „	3,963,304	4,813
„ „ „ „ Senate	1,714,641	2,505,122
„ Finance	403,046	6,384
Accounts in Accountancy Office... ..	569,016	...
Total	\$20,460,343	\$13,517,732

The following is the text of the Bill for the Consolidation of the Floating Debt :—

ARTICLE 1. The Government is hereby authorised to Consolidate the Floating Paper Debt of the nation prior to March 31st, 1893, by issuing for that purpose up to the sum of \$20,000,000 in Internal Public Funds, bearing Interest at the rate of 6 per cent. per annum, and 6 per cent. annual Sinking Fund redeemable at par.

ARTICLE 2. The above Bonds shall be handed over to the Creditors of the State for their face value, always provided they have proved their claims.

ARTICLE 3. The Government is hereby authorised to pay the Creditors of the present year with these Bonds, as long as they voluntarily accept them.

ARTICLE 4. The service of these Bonds shall be paid quarterly by the National Public Credit Office, the Government reserving the right to increase the Sinking Fund should it consider such a course expedient.

ARTICLE 5. The expenses incurred in carrying out this Law shall be debited to same, so long as they are not included in the general estimate of expenses, paying same out of general Revenue.

ARTICLE 6. Let this be communicated, etc.

(Signed) TERRY.

SUMMARY OF EXTERNAL, INTERNAL, AND FLOATING DEBTS.

Description.	Amount.	
	Dollars Gold.	Dollars Paper.
External Debt ... £44,152,975 =	220,764,875	...
Internal „	37,650,366	43,309,587
Floating „	13,517,732	20,460,343
Total	271,932,973	63,769,930

N.B.—\$5 gold = £1.

REVENUE AND EXPENDITURE.

BUDGET 1894.

The Budget for 1894, as finally approved by Congress, is as follows:—

	\$ Gold.	\$ Currency.
Revenue	34,193,000	20,280,000
Expenditure	18,700,000	65,000,000

Taking the gold premium at 200 and reducing currency to gold, these figures read as follows:—

	\$ Gold.	\$ Currency.
Revenue	40,953,000 =	122,859,000
Expenditure	40,366,666 =	121,100,000
Surplus	586,334 =	1,759,000

The Surplus shown above is small; but it is satisfactory to learn that according to the *Times of Argentina*, March 6th, the Members of the Cabinet have agreed to sanction economies to the total amount of \$7,250,000 currency, and that further economies to the amount of \$10,000,000 in the current year are contemplated.

1893.

As regards 1893, according to the latest advices, the Revenue was \$111,750,000 currency; the amount of the Expenditure for the year is not yet known, but that the Revenue has been exceeded is probable, especially as the President, in a Message to Congress, dated December 27th, 1893, stated that the cost to the Government of the recent insurrections amounted to \$3,380,888 national money.

The following Table shows the Revenue and Expenditure for the year 1892 as given in the Report of Dr. Terry, Minister of Finance:—

REVENUE, 1892.

					\$ Gold.
Import Dues	...	...	...	...	24,270,000
Export Dues	...	...	...	...	2,620,000
Warehouse Dues	...	...	...	...	510,000
Stamps	...	...	...	...	1,260,000
Licenses	...	...	...	...	380,000
Property Tax	...	...	...	...	380,000
Post Office	...	...	...	...	810,000
Water Tax	...	...	...	...	780,000
Bank Tax	...	...	...	...	130,000
Excise	...	...	...	...	1,440,000
Sundries	...	...	...	...	1,120,000
					<u>\$33,700,000</u>

EXPENDITURE, 1892.

					\$ Gold.
Interior	...	...	...	...	10,640,000
Foreign Affairs	...	...	...	...	520,000
Finance	...	...	...	...	18,100,000
Justice	...	...	...	...	2,260,000
War	...	...	...	...	3,600,000
Navy	...	...	...	...	3,820,000
					<u>\$38,940,000</u>

SUMMARY.

					\$ Gold.
Expenditure	...	...	...	...	38,940,000
Revenue	...	...	...	...	33,700,000
Deficit					<u>\$5,240,000</u>

The following Table, taken from *La Prensa*, shows the actual Receipts for the year 1892, and also for the first six months of the year 1893:—

	1892.		1893 (Six Months).	
	Paper.	Gold.	Paper.	Gold.
	\$	\$	\$	\$
Importation	73,995,848	1,039,823	38,759,746	1,944,274
Exportation	8,012,014	168,680	3,063,861	413,179
Warehouse Dues	553,291	10,642	394,619	19,007
Slingage	981,716	14,102	552,783	28,039
Port Dues and Wharfage	1,694,315	..	771,666	1,912
Licenses	1,283,104	..	1,281,930	..
Stamped Paper	4,141,284	..	2,471,804	..
Registration	660,940	..	340,443	18,593
Direct Contributions ...	1,255,049	..	174,080	..
Posts	1,917,703	113	1,080,104	..
Telegraphs	796,421	..	418,481	..
Lighthouse Dues	417,296	192	234,869	304
Sanitary Inspection ...	86,714	..	46,916	99
Consular Fees	29,148	56,333	1,296	56,324
Sanitary Works	2,595,233	..	..	..
Proceeds of Guaranteed Railways ... ..	..	51,001	..	..
Proceeds of National Railways ... ..	..	..	..	..
Winches	340,353	4,066	173,173	7,885
Sundries	277,838	10	148,072	829
Spirits	2,832,543	..	2,435,961	..
Beer	267,427	..	257,767	..
Matches	1,077,866	..	543,600	..
Liqueurs and Cards ...	560,869	..	..	..
Banks and Companies	273,483	49,188	33,337	104,032
Supplementary Tariff of Post Office Law ... ..	..	..	51,080	..
Supplementary Tariff of Telegraphs ... ..	..	..	74,090	..
Port Engine Service ...	..	..	21,780	..
Sugar ... ..	..	..	..	..
	\$104,050,515	1,394,150	53,331,458	2,594,477

IMPORTS AND EXPORTS.

According to the official Returns, there is an increase during the first half of the year 1893 over the corresponding period of 1892, in every article of import except groceries, and the decline under this head is attributed to the diminished importation of sugar. The Imports were :—

IMPORTS.

	June, 1892. \$ Gold.	June, 1893. \$ Gold.
Groceries	6,600,000	5,400,000
Wines	2,500,000	4,200,000
Dry Goods	13,400,000	16,100,000
Coal	2,300,000	3,200,000
Hardware	5,300,000	7,500,000
Sundries	7,800,000	11,200,000
	\$ 37,900,000	47,600,000

The following Table compares the principal items of Exports in the first half of the year 1893 with those of the corresponding period of 1892 :—

EXPORTS.

	June, 1892. \$ Gold.	June, 1893. \$ Gold.
Wool... ..	31,100,000	22,100,000
Grain... ..	15,500,000	26,100,000
Meat	3,600,000	3,700,000
Sheepskins	3,500,000	2,800,000
Hides	5,400,000	6,200,000
Sundries	7,100,000	9,300,000
	\$ 66,200,000	70,200,000

The following Table gives the Imports and Exports by Countries for the period of five years ending 1893 :—

IMPORTS AND EXPORTS BY COUNTRIES.

Country.	1889.		1890.	
	Imports.	Exports.	Imports.	Exports.
	\$	\$	\$	\$
Great Britain	56,820,169	14,931,394	57,816,510	19,299,095
France	30,237,407	38,264,414	19,875,877	26,683,318
Germany	15,477,754	17,120,472	12,301,472	11,566,441
Belgium... ..	13,958,247	16,326,423	10,986,710	12,003,086
United States	16,801,750	7,726,691	9,301,541	6,066,958
Italy	10,188,189	3,930,134	8,663,027	3,194,802
Spain	4,565,470	3,332,115	4,302,284	2,083,817
Uruguay	7,206,315	5,393,960	5,885,758	5,506,675
Other Countries	9,314,583	15,789,454	23,106,663	14,414,801
Total	\$ 164,569,834	122,815,057	142,240,812	100,818,993

IMPORTS AND EXPORTS BY COUNTRIES.—Continued.

Country.	1891.		1892.		1893.	
	Imports.	Exports.	Imports.	Exports.	Imports.	Exports.
	\$	\$	\$	\$	\$	\$
Great Britain	28,300,000	14,800,000	35,800,000	19,700,000	32,523,168	18,531,905
France	7,900,000	23,700,000	10,400,000	26,400,000	12,114,164	18,323,465
Germany	6,200,000	11,500,000	10,600,000	16,600,000	11,009,865	10,452,395
Belgium	6,500,000	16,600,000	6,700,000	14,700,000	9,635,758	10,939,551
United States	3,500,000	4,200,000	7,400,000	4,800,000	9,610,934	3,416,740
Italy	4,200,000	3,200,000	8,400,000	4,300,000	9,318,084	3,390,107
Spain	1,700,000	1,300,000	....	....	3,145,509	2,590,481
Uruguay	2,500,000	4,500,000	....	....	2,617,281	4,153,540
Other Countries ..	6,300,000	16,900,000	12,100,000	26,200,000	6,130,596	21,005,650
Total	\$ 67,100,000	96,700,000	91,400,000	112,700,000	96,105,359	92,703,834

No Export Duties were payable in 1890.

A large percentage of what is credited to Uruguay really belongs to Great Britain, being only transshipments of cargoes which came to that country.

The above figures show the Customs valuation, but it is generally thought that for Imports this valuation is at least 25 per cent. too high, and for Exports 10 per cent.

RAILWAY GUARANTEES, ETC.

The annual obligations of the Government in regard to guarantees are, as stated by the Minister of Finance in his Report, as follows:—

	\$ Gold.
Railway Guarantees	3,791,783
Sugar Refinery of E. Tornquist & Co. at 7 per cent.	50,000
Exportation of Fresh Meat at 5 per cent.	300,000
	<u>\$4,141,783</u>

According to the latest advices Congress has voted a sum of \$2,000,000 gold for the payment of the Railway Guarantees, with which sum the Minister of Finance intends to immediately commence making quarterly payments, in proportion to the total annual guarantee.

RAILWAY STATISTICS.

THE FOLLOWING TABLE WAS PUBLISHED IN "LA PRENSA," AND IS BELIEVED TO BE OFFICIAL:

Name of Railway.	Length of Line in kilometres.	Cost per kilometre.	Capital.	Interest Guaranteed, and Date of Commencement of Guarantee.	Guarantee Owed up to June 30th, 1893.	Guarantee Paid up to June 30th, 1894.	Amounts due by Railways under their Contracts 30th June, 1892.
East Argentine ...	160	\$ Gold. 30,543	\$ Gold. 4,886,966	At 7 % = 342,087 March, 1874	\$ Gold. 5,809,054	\$ Gold. 5,274,754	\$ Paper. ...
Buenos Ayres and Pacific... ..	685.793	20,139	18,811,415	7 % = 966,799 May, 1885...	6,651,894	4,989,109	6,994,672
Argentine Great Western ...	513	20,139	10,331,479	7 % = 723,203 Feb., 1887...	4,604,395	3,520,016	5,611,494
Argentine North Eastern ...	240.900	30,500	7,347,450	6 % = 440,747 July, 1890...	1,105,629	650,929	248,957
Transandine ...	121.265	30,673	3,720,207	7 % = 260,414 Feb., 1891...	539,074	169,396	100,017
Cordoba Central N. Section ...	884	...	21,000,000	5 % = 1,050,000 Feb., 1889...	4,156,250	2,775,100	...
San Cristobal and Tucuman ...	710	18,500	13,135,000	5 % = 656,750 May, 1891...	829,048	105,815	...
Argentine North Western ...	88.338	22,500	1,942,607	5 % = 97,132 Dec., 1890...	250,919	105,224	...
Villa Maria and Rufino...	226.840	18,000	4,083,120	6 % = 244,987 March, 1891	556,655	250,416	...
Bahia Blanca ...	205.534	20,000	4,110,693	5 % = 205,534 Feb., 1891...	481,773	190,599	...
Total ...	3,833.670		88,368,937	\$4,987,653	24,984,694	18,031,358	13,015,140

\$ Gold.
50,000
300,000
\$350,000

N.B.—Under the head of Guarantees, the other Obligations of the Government are, as stated by the Minister of Finance:

Sugar Refinery of E. Tornquist & Co. at 7 per cent. ..
Exportation of Frozen Meat at 5 per cent. ..

RETURN OF IMMIGRATION AND EMIGRATION.

(EXCLUDING ALL FIRST-CLASS.)

Year.	Immigration.				Emigration.
1889	260,909				40,649
1890	110,498				82,981
1891	52,097				81,932
1892	93,550				55,282
1893	113,872				62,713

As it is of great importance to Argentina that the immigrants to that country should be healthy, useful, and easily able to adapt themselves to the climate and their new surroundings, it is satisfactory to learn from reliable sources that the immigrants of 1893 are, as a whole, more suitable than those of former years. It is also interesting to learn that 36,000 passages were paid for in Argentina by immigrants who have done sufficiently well to wish their relatives and friends to join them.

The President, in opening Congress in 1893, stated that "Foreign immigration would receive considerable attention from his Government, because being in possession of vast zones of fertile, but as yet undeveloped country, Argentina ought to stimulate immigration by offering foreigners every facility towards establishing themselves in the country."

The following Table shows the export of Grain during ten years :—

	Wheat.	Maize.
	Tons.	Tons.
1883	61,000	19,000
1884	108,000	155,000
1885	78,500	198,000
1886	37,000	232,000
1887	238,000	362,000
1888	179,000	162,000
1889	23,000	433,000
1890	328,000	707,000
1891	317,000	583,200
1892	470,109	445,935

GOLD PREMIUM.

The Table below compares the fluctuation of the premium on gold in the years 1891, 1892 and 1893.

			1891.		1892.		1893.	
			High.	Low.	High.	Low.	High.	Low.
January	...	...	283	201	287	271	218	190
February	...	...	247	218	289	236	228	209
March...	...	...	280	230	252	240	224	206
April	...	...	271	220	248	232	215	201
May	...	...	330	254	236	224	219	205
June	...	...	349	228	231	204	247	220
July	...	...	318	248	231	211	243	223
August	...	...	310	282	232	221	258	236
September	...	...	335	293	230	221	260	246
October	...	...	361	293	229	210	243	213
November	...	...	294	251	209	165	229	213
December	...	...	286	267	190	178	229	219
Year	...	...	361	201	289	165	260	190

BUENOS AYRES.

PROVINCIAL LOANS.

BUENOS AYRES 1882-6 AND 1883 LOANS, CEDULAS.

Full Reports as to these Loans, which are represented by Committees acting in conjunction with the Council, are included in this Report under their respective headings.

ENTRE RIOS 1886 AND 1888 EXTERNAL LOANS.

An Arrangement was concluded in May, 1892, between the River Plate Trust Loan and Agency Company and Dr. Plaza, whereby the service of the two Loans is to be paid during three years, from 1st January, 1891, in 6 per cent. Provincial Funding Bonds, which are to carry Interest from the dates on which the Coupons or Drawn Bonds for which they are exchanged became due. After three years the service of the Debt is to be resumed in Gold. The Sinking Fund suspended at the option of the Government until 1900. The Coupons and Drawn Bonds from January 1st, 1891, to July, 1893, were paid by the issue of 6 per cent. Funding Bonds. The January, 1894, Coupon has not been paid.

CORDOBA LOANS OF 1886 AND 1887-8 AND SANTA FE LOANS OF 1883-4 AND 1886.

A Committee (not associated with the Council) was appointed at a Public Meeting of Bondholders to represent the Holders of the above Loans. No settlement has yet been arrived at.

SANTA FÉ RAILWAY LOANS.

(WESTERN AND CENTRAL COLONIES AND SANTA FÉ
AND RECONQUISTA RAILWAY LOANS.)

Negotiations for a settlement are in progress between a Committee acting in concert with the River Plate Trust Loan and Agency Company and the Government.

For further information see Table of Principal Loans in Default (page 348.)

The following summary of Provincial and Local Debts is taken from the Report of the Finance Minister issued in November, 1893:—

					\$ Gold.
Province of Buenos Ayres	...	...	...	...	45,610,000
„ Sante Fé	...	...	...	...	53,805,000
„ Entre Rios	...	...	...	...	14,280,000
„ Cordoba	...	...	...	...	26,380,000
„ San Juan	...	...	...	...	1,970,000
„ Salta	...	...	...	...	4,705,000
„ Tucuman	...	...	...	...	3,140,000
„ Catamarca	...	...	...	...	3,170,000
„ Rioja	...	...	...	...	3,440,000
„ Corrientes	...	...	...	...	4,900,000
„ San Luis	...	...	...	...	750,000
„ Mendoza	...	...	...	...	4,900,000
City of Buenos Ayres	...	...	...	...	20,000,000
„ Paraná	...	...	...	...	2,070,000
„ Santa Fé	...	...	...	...	1,280,000
„ Rosario	...	...	...	...	7,840,000
„ Cordoba	...	...	...	...	3,970,000
Total	...	...	...	...	<u>\$202,210,000</u>

MUNICIPAL LOANS.

CITY OF BUENOS AYRES SIX PER CENT. LOAN OF 1888.

With regard to the above Loan the following Advertisement appeared on November 14th, 1893:—

CITY OF BUENOS AYRES LOAN, 1888.

COUPONS DUE 1ST JANUARY, 1894.

A Contract having been signed with the Liquidators of the Banco Nacional necessitating, as explained below, the presentation of the above Coupon in Buenos Ayres through the agency of Messrs. Louis Cohen & Sons, they will be prepared to purchase the above Coupons on or before the 14th December next. The price at which the Coupons will be purchased can be ascertained each day (Saturdays excepted), on inquiry at the offices of Messrs. Louis Cohen & Sons, where forms for listing the Coupons can be obtained, and where they will be received any day (Saturdays excepted), between the hours of 11 and 2, up to 14th December, 1893.

Messrs. Louis Cohen & Sons beg to announce that in accordance with the powers vested in themselves in conjunction with the Argentine Committee of the Council of Foreign Bondholders at the Meeting of Bondholders of the above Loan held 11th November, 1892, an Agreement has been signed in Buenos Ayres for the payment by the Liquidators of the National Bank of \$200 National 4½ per Cent. Gold Bonds per £100 Municipal Bond, and a small sum in cash (from which expenses will have to be deducted), in consideration of the exoneration of that Bank from its liabilities on the above Bonds, including the Coupons maturing on and after 1st January, 1894. The Agreement requires ratification by the National Congress of the Argentine Government.

The Coupon due 1st January, 1894, must be presented through the intermediary of Messrs. Louis Cohen & Sons in order that, after ratification by Congress, they may obtain for the Holders of the Bonds from which it has been detached, the compensation stipulated by the Agreement just concluded.

In accordance with the regulations of the Credito Publico, the Coupons of the Municipal Loan have to be presented at the offices of that Institution in Buenos Ayres between the 12th and 20th of the month in which they mature, so that in order to comply with these regulations the Coupons due 1st January, 1894, must be presented at the offices of Messrs. Louis Cohen & Sons not later than 14th December next.

31, THROGMORTON STREET, E.C.,
13th November, 1893.

The Agreement concluded with the Liquidators of the National Bank, in accordance with the authorisation given by the Bondholders at their Meeting of 11th November, 1892, has not yet been ratified by the Argentine Government, but every effort is being made by the Agents to bring the matter to a satisfactory conclusion.

CITY OF CORDOBA SIX PER CENT. LOANS OF 1887 AND 1889, CITY OF ROSARIO SIX PER CENT. LOANS OF 1887 AND 1888, AND CITY OF SANTA FÉ SIX PER CENT. LOAN OF 1889.

These Loans are represented by a Committee not associated with the Council. Negotiations are in progress, and in the case of the City of Santa Fé Loan an *ad referendum* Arrangement was submitted to the Bondholders in November, 1892, and approved by them. The Arrangement, which has since been ratified, provided: The Coupons in arrear and all subsequent Coupons to be paid in bank notes of national money at par, the first Coupon to be paid not later than June, 1893; at least a quarter part of the Coupons due in 1891 and 1892 to be paid with the current Coupons each half-year. Under this Arrangement the June, 1893, Coupon was paid at 18s. 6d. per £3 Coupon. No funds, however, had been received for the December, 1893, payment, either on the original or new Coupons.

CITY OF PARANÁ SIX PER CENT. MUNICIPAL, AND FIVE PER CENT. WATERWORKS LOANS.

Under an Agreement with the Government of the Province the Coupons of the Six per Cent. Municipal Loan, due from 1st February, 1891, to August, 1893, inclusive,

were funded into a Six per Cent. Gold Loan of the Province of Entre Rios. After August, 1893, the Interest was to have been resumed in gold, but on 18th January, 1894, Messrs. Morton, Rose & Co. announced that the February, 1894 Coupon would not be paid, pending negotiations with the Government. Under a similar Arrangement with the Government, the Coupons of the Five per Cent. City of Paraná Waterworks Loan were also funded into a Six per Cent. Gold Loan of the Province of Entre Rios, and Interest was to be resumed in full in gold on 1st January, 1894, but the payment was suspended, the River Plate Trust Company announcing that negotiations were pending with the Government.

**BUENOS AYRES SIX PER CENT. LOAN OF 1883
(ENSENADA).**

Principal outstanding	... ..	£2,064,900
6 per cent. Interest in arrear 1st April, 1891, to 1st April, 1894 (exclusive of Sinking Fund)	... ..	£371,682

Committee of Ensenada Bondholders.

Gen. Sir Luther Vaughan, K.C.B., <i>Chairman.</i>	J. Macdonald, Esq.
Right Hon. Sir John Lubbock, Bart., M.P., <i>Ex officio.</i>	G. Brooke Mee, Esq.
J. W. Batten, Esq.	C. M. Rose, Esq.
D. G. Bruce-Gardyne, Esq.	E. Sloper, Esq.
F. C. Capel, Esq.	A. Tönnies, Esq.
	<i>Secretary.</i>
	Charles O'Leary, Esq.

The negotiations with the Provincial Government, which were in active progress at the time of the issue of last year's Report, through the medium of Messrs. O. Bemberg & Co., the Committee's Agents in Buenos Ayres, were brought to a sudden standstill by the outbreak of the revolution in the Province during last summer. These disturbances resulted in the expulsion of the Governor and the appointment of a Federal "Interventor" by the National Government, to administer the affairs of the Province until peace and order were restored.

The elections for a new Governor and Houses of the Legislature are now in course of progress, and the Committee trust that they will result in the establishment of a Government which will make financial reform and honesty the first condition of their administration.

Messrs. O. Bemberg & Co., the Committee's Agents in

Buenos Ayres, are ready to re-open the interrupted negotiations as soon as the new Government is installed in office.

THE ENSENADA PORT.

As regards the Ensenada Port, the Message of Governor Costa to the Legislature of May 1st, 1893, states that arrangements have been made with the companies contracting for some of the complementary works, and that various facilities indispensable for the public convenience and trade have been also arranged for; a short length of new auxiliary railway line has been constructed; thirty turntables and five sets of special apparatus for communicating with the two principal lines have been set up.

The Port station has been completed and the platforms for live stock traffic have been enlarged. The superstructure of two out of the four sheds ordered has also been finished.

As regards the hydraulic installations, the Message states that the foundations of the machines and pumps have been laid; part of the material for six complete winches has been received, and the material for five more is expected.

Coal depôts have been established inside the Port, with extensive erections for loading and discharging coal, by Messrs. Man, George & Co., and by Messrs. Wilson, Sons & Co. A similar concession has been granted to Messrs. Worms, Josse & Co.

The dredging of the Port has been let by contract, and the following Contracts put up for tender :—

1. Filling Breakwaters with Stone.
2. Preservation of the Timber Wharves.
3. Keeping in repair of Banks with Faggots.
4. Keeping in repair the Grand Canal and Dykes.

The whole of the Grand Dock has been lighted by electricity, which facilitates the progress of labour carried on by night.

RAILWAYS.

With regard to these the Message says :—

In the present year will be opened to the public the branch from Bragado to Lincoln, whose construction is already more than half complete, as well as the line from Exaltacion de la Cruz to San Antonio de Areco, which will connect the products of the interior of the Republic, which is served by the Argentine Central Railway, with the port of this capital, by the junction of this line with the Ensenada Railway at the central station of the Federal capital.

Moreover the Southern Railway has opened to the public the following lines :—

1. From Cañuelas to Las Flores.
2. From Azucucho to Necochea.
3. From Lobos to Cañuelas, having a length of 317 kilometres, whilst several sidings have been completed at the Grumbein, Piqué, Pirán, and Las Mostazas stations, and a branch to the quarries of Tandil.

The Western Railway Company has also laid a double track between Merlo and Lujan, and has been empowered to modify the auxiliary lines of the Caballito, Moreno, Haedo, Liniers, and Rodriguez stations, and in the level pass from Barracas to La Plata.

The Ensenada Railway has ready for public use the branch which connects its Ensenada line with the Port of this City, has constructed a siding of 17·800 kilometres, and has deposited plans for the construction of another from the Barracas Station to the Central Fruit Market.

The Railway from Magdalena to Punta á Piedras has opened to the public a branch of its line of 32 kilometres, and the works are being continued.

PUBLIC LANDS.

Speaking of the Public Lands the Message states :—

It has not yet been possible to give effect to the intention to sell all, or the greater part, of the Public Lands, in order that they may be available for cultivation and cattle breeding, for the scarcity of buyers at some sales by auction which were announced showed that it was advisable to delay the sale for a short time.

I think the moment has arrived for carrying this intention into effect and the necessary measures have already been taken to proceed immediately with the sale of all arable lands, divided into small lots, under conditions of payment advantageous to buyers in order to enlist the interests of small capitalists and to further the development of agriculture.

The following particulars show the amounts realised by sale and lease of public lands in accordance with the respective laws during the past year :—

Law.	Area.	Amount.
		\$
Leases		68,937.04
Law of 14th Feb., '90	12,287 85 75	55,607.41
„ 26th Dec., '78	8,797 92 18	7,306.21
„ 11th Jan., '67 and 16th May '91 ...	10,656 27 22	20,696.08
„ 31st Oct., '83 and 19th July, '87 ...	429 79 60	22,347.99
„ 28th May, '83 and 25th July, '91 ...	137 03 78	3,985.85
„ 28th May, '83 and 19th July, '87 ...	111 76 80	4,323.48
„ 18th April, '91 and 29th July, '91 ...	814 61 71	69,993.66
„ 10th Nov., '87	73 49 56	152.14
„ 30th June, '83	310 66 23	40,690.47
Decree of 9th Dec., '91	2,364 64 91	125,000.00
Lands of La Plata	29 89 85	2,788.67
Law of 24th Sept., '88	4,844 44 15	2,369.71
	40,858 41 74	424,198.71

The only information obtainable since the publication of last year's Annual Report as to the financial condition of the Province is given under the Report of the Buenos Ayres Six per Cent. Sterling Loan of 1882-86. (See next page.)

BUENOS AYRES SIX PER CENT. STERLING
LOAN OF 1882-6.

Principal outstanding	... ..	£3,660,100
6 per cent. Interest in arrear 1st January, 1891, to 1st January, 1894 (exclusive of Sinking Fund)	... ..	£658,818

Committee of Buenos Ayres 1882-6 Bondholders.

The Lord Eustace Cecil, <i>Chairman.</i>	W. T. Morrison, Esq.
The Right Hon. Sir John Lubbock, Bart., M.P., <i>Ex officio.</i>	R. J. Neild, Esq.
L. J. Baker, Esq.	C. Sligo de Pothonier, Esq.
S. C. Boulter, Esq.	L. Salomons, Esq.
F. W. Campion, Esq.	Maj.-Gen. A. de C. Scott.
E. Johnstone, Esq.	W. Trotter, Esq.
R. B. Martin, Esq., M.P.	<i>Secretary.</i>
	Charles O'Leary, Esq.

For the reasons given in the preceding Report, negotiations with the Government of the Province have been in suspense since last summer.

The following complete Statement of the External and Internal Debt of the Province, compiled from official sources, is taken from *La Prensa* of January 1st, 1894 :—

EXTERNAL DEBT.

	Principal	Annual Service.
	\$ Gold.	\$ Gold.
<i>Law of 6th July, 1881—</i>		
6 per cent. and 1 per cent. — Conversion of Debt	18,117,366.24	
Interest in arrear	3,238,481.75	1,461,136.25
(The Sinking Fund due = \$1,144,919.)		
<i>Law of 6th August, 1883—</i>		
6 per cent. and 1 per cent. — Port of Ensenada	10,413,121.40	
Interest in arrear	1,867,058.82	803,624.94
(The Sinking Fund due = \$543,816.)		
<i>Law of 25th April, 1885—</i>		
Consolidation of the Paper Currency	11,654,578.61	
Interest in arrear	1,757,289.31	751,214.22
(The Sinking Fund due = \$496,353.)		
Total outstanding on the 31st December, 1893	Gold \$47,047,904.13	3,015,975.41

INTERNAL DEBT.

	Principal	Annual Service.
	\$ Gold.	\$ Gold.
<i>Law of 18th October, 1892—</i>		
Subvention to Southern Railway	123,029.08	
Interest in arrear	27,414.41	9,868.81
(The Sinking Fund due = \$1,763.41.)		
<i>Law of 26th March, 1881—</i>		
Riachuelo Port Loan	996,445.32	
Interest in arrear	158,603.82	139,500.00
(The Sinking Fund due = \$259,896.18.)		
Total outstanding on the 31st December, 1893	Gold \$1,305,492.63	149,363.81
<i>Laws of 1821 to 1868—</i>	\$ Currency.	\$ Currency.
Original Public Funds	216,358.40	
Unpaid Interest	58,875.81	19,625.27
<i>Law of 12th August, 1882—</i>		
La Plata Construction Loan	878,500.00	
Interest in arrear	168,728.50	98,371.00
(The Sinking Fund due = \$31,271.50.)		
<i>Law of 19th December, 1882—</i>		
Roads of the Province	580,000.00	
Interest in arrear	111,600.00	43,400.00
(The Sinking Fund due = \$18,600.00.)		
<i>Law of 9th November, 1886—</i>		
Roads of the Province	573,000.00	
Interest in arrear	103,140.00	
(The Sinking Fund due = \$17,190.00.)		
Total outstanding on the 31st December, 1893	Currency \$2,690,202.71	217,396.27

FLOATING DEBT.

	Principal. \$ Currency,	Interest. \$ Currency.
Treasury Bills in Circulation	6,953,279.17	
Bank of the Province	6,605,466.63	
	<u>Currency \$13,558,745.80</u>	

DEBT TO THE PROVINCIAL HYPOTHECARY BANK.

Present Capital of the Issue of Cedulas of the		
12 Series	21,117,187.60	
Quarterly Arrears of last two years	4,146,887.19	
	<u>Currency \$25,264,074.79</u>	<u>2,273,700.00</u>
So that the Internal Currency Debt of the		
Province consists of:—		
Consolidated	2,690,202.71	217,396.27
Floating	13,558,745.80	
Hypothecary Bank	25,264,074.79	2,273,700.00
	<u>\$41,513,023.30</u>	<u>2,491,096.27</u>

In his Message to the Legislature of May 1st, 1893, Governor Costa, in speaking of the External Debt, alludes to a proposal made by his Government to "settle it by delivering in payment of the 40 millions more or less of which it consists the Ensenada Port, valued at 35 millions, leaving a debt due by the Province which can easily be met out of the resources which the Revenue of the year permits for that purpose. The Port will be completely finished with the capital of the Company which acquires it, and the Province may repurchase it within a certain time on stated conditions."

Failing an accord with the Agents of the Bondholders of the External Debt in Buenos Ayres, the Governor announced his intention of sending a commissioner to London to treat direct with the issuing houses of the various Loans.

The Scheme of the Governor was handed to Dr. Romero, the National Finance Minister, for his approval, and evoked the following reply :—

The proposal thus made is directly opposed to the honesty of purpose evinced in the expressed statements of the Finance Minister, who devised a Plan of Settlement. Such reduction of Interest, combined with total suspension of the Sinking Fund, does not constitute an honourable offer, nor is it compatible with the resources of the Province. The cause of the present economic situation of the Province is not depreciated currency or the suspension of the Bank, but the complete lack of foresight by the various Administrations. Reckless administration has been shown in the sale of enormous tracts of land at a ridiculous *minimum* value, in the realisation of assets at absurdly low figures ; also in the system of renewing at maturity the Floating Debt in the form of Treasury Bills, now amounting to nine and a-half millions currency, paying 10 per cent. annual Interest. The scheme presented shows the Revenue collected in 1891 from the assigned sources, but there is no statement up to date. It also conceals the amounts due, but not collected. The uncollected direct contributions amounted to not less than three millions seven hundred thousand currency, which doubles the resources in question. The Provincial Government must collect the taxes regularly ; these are now partly never paid, and partly fraudulently withheld. The present Provincial Administration can easily effect an economy and only expend one million seven hundred thousand currency ; a better collection of the present taxes should yield two millions more. The Province is now able to reserve an amount equal to 4 per cent. for the service of the Debt after covering the administrative expenses until the end of 1892. This is the only honourable basis on which to readjust the finances.

Such an expression of opinion as this from so eminent an authority is sufficient comment not only on the inequitable nature of the proposals named, but also on the mismanagement and extravagance of the Provincial Government.

It is, perhaps, needless to add that the Scheme was promptly rejected by the Agents of the Bondholders at

Buenos Ayres, and shortly afterwards a revolution broke out which ended in the expulsion of Dr. Costa, as mentioned in the preceding Report.

REVENUE AND EXPENDITURE

The Revenue for 1892 is stated to have amounted to \$10,016,779 currency, or about \$1,173,713 more than in 1891, the increase being almost entirely due to the tax on "Cattle permits."

The Deficit in the year 1891 is put down at \$2,000,000 currency, which was covered by an issue of Treasury Bills.

The Revenue and Expenditure for 1892 are given as follows :—

REVENUE.

Receipts from General Revenue	\$10,016,779.66
--------------------------------------	-----------------

EXPENDITURE.

Budget Expenses	\$8,739,765.49
Special Laws	693,916.96
Budget Service of 1891 and prior	381,444.68
Pensions and Superannuation Fund of the Banco de la Provincia	134,590.00
	<u>\$9,949,717.13</u>
	<u>\$67,062.53</u>

The sum of \$693,916.96 for special laws was appropriated as follows :—

Law of 5th Nov., 1888, Port of La Plata ...	\$421,805.08
„ 30th Oct., 1887, Sanitation of Lujan ...	150,506.03
„ 6th Aug., 1883, Port of Ensenada ...	84,278.49
„ 25th Nov., 1887, Agricultural Centres ...	20,473.27
„ 22nd Nov., 1889, School of Arts and Trades ...	12,178.14
„ 31st Jan., 1891, Printing Office of the Museum	4,675.95
Total	<u>\$693,916.96</u>

BANK OF THE PROVINCE.

The following figures give particulars of the position of this Establishment on the 31st March, 1893, as compared with that on the same date of the previous year :—

COMPARATIVE POSITION ON 31ST MARCH, 1892 AND 1893.

ASSETS.	1892.		1893.	
	Gold.	Currency.	Gold.	Currency.
	₹	₹	₹	₹
Bills payable	1,654,703.09	57,235,352.80	1,922,455.12	49,879,624.13
Public Funds .. ..	....	1,828,276.91	....	1,833,138.38
Debts in suspense	3,638,164.61	59,258,118.56	3,293,266.06	55,248,294.81
Real & Personal Property .. ..	....	2,637,392.74	....	2,756,943.82
Official Debtors	895,917.08	21,992,895.96	949,672.09	22,819,675.59
Correspondents	15,292.98	....	15,578.09	....
Sundries	2,976,403.58	3,140,803.04	3,066,063.63	2,840,422.45
Cash	7,181.09	2,144,594.51	7,710.36	2,936,423.03
Law of 17th October, 1891 .. ..	....	57,918,200.00	....	57,918,200.00
National Government	32,958,574.97	....	35,278,034.66	....
	42,146,237.40	206,155,634.52	44,532,780.01	196,232,722.21
LIABILITIES.				
Deposits	1,770,122.24	75,603,097.14	1,745,156.93	67,300,983.09
Treasury of Conversion .. ..	....	15,888,000.00	....	15,888,000.00
Government of the Province	1,277,155.63	....	....	....
Sundries	181,153.96	4,582,946.40	173,924.03	4,384,756.79
Issue of Cheques and Certificates .. ..	....	....	....	1,495,828.33
Capital Reserve Fund and Profits	5,959,230.60	52,163,390.98	7,335,664.39	49,244,954.00
Law of 17th October, 1891	32,958,574.97	....	35,278,034.66	....
National Government .. ..	....	57,918,200.00	....	57,918,200.00
	42,146,237.40	206,155,634.52	44,532,780.01	196,232,722.21

As the private deposits of the Bank are subject to the Moratorium of five years under the National Law of the 7th August, 1891, and Bills on hand are realised slowly owing to the difficulties through which the country is passing, it is seen that the position of the Bank suffered no change of importance during the year.

CEDULAS OF THE MORTGAGE BANK OF THE PROVINCE OF BUENOS AYRES.

Cedula Bondholders' Committee.

J. S. Ballin, Esq., <i>Chairman.</i>	Right Hon. Sir E. Thornton,
Right Hon. Sir John Lubbock,	G C.B.
Bart., M.P., <i>Ex officio.</i>	General Sir Luther Vaughan
C. E. Barnett, Esq.	K.C.B.
W. H. Bishop, Esq.	F. Hue Williams, Esq.
. Cawston, Esq.	
A. W. Latham, Esq.	<i>Secretary.</i>
S. Salting, Esq.	James P. Cooper, Esq.

The Committee which was appointed at a Public Meeting of the Holders of Cédulas on the 12th of March, 1891, to represent and protect the interests of the Bondholders, was affiliated at their request to the Council of Foreign Bondholders in May, 1893.

The revolution which occurred in the Province of Buenos Ayres during last summer, and the establishment of a Provisional Government by the Federal Authority, have necessarily delayed the efforts of the Committee to arrive at a settlement of the Bondholders' claims.

The subjoined Circular was issued by the Committee in January last to Holders of Cédulas who have placed their interests in the Committee's hands :—

The Cedula Bondholders' Committee submit the following information with regard to their proceedings subsequent to their affiliation to the Council of Foreign Bondholders, and the chief events that have occurred in connection with the affairs of the Mortgage Bank and the Government of the Province since the date of their last Circular.

The Committee have taken every opportunity of pressing on the

attention of the Government the claims of the Holders of Cédulas, and of protesting against the violation of their rights by the Mortgage Bank, and against the passing of laws injurious to their interests. They have given special attention during the past year to obtaining for the Bondholders (1) the benefit of the best advice in Argentina in order to ascertain the legal position of Holders of Cédulas, both as regards the Provincial Government and the Mortgage Bank, (2) the assistance of an influential firm at Buenos Ayres to represent the Bondholders and urge their claims against the Government and the Bank.

These steps were rendered all the more necessary owing to the Committee having received information in June last that the Senate of the Province of Buenos Ayres had sanctioned a Project of Law allowing Debtors to the Bank to cancel debts with Cédula "Bonos" and Coupons. The passing of this Law threatened to be disastrous to the interests of Cédula Holders, and the Committee at once addressed by cable a strong protest to the Governor of the Province, and further communicated with the Federal Authorities at Buenos Ayres, begging them to do whatever lay in their power to put an end to this and other abuses. The objectionable Project of Law above referred to was subsequently abandoned.

The Committee, having secured the services of an eminent Argentine lawyer, laid the case of the Bondholders before him, and asked him to advise the Committee what recourse was open to them to prevent the constant infringements of their rights as constituted under their original Contract with the Bank, and in what way redress for past wrongs could be obtained. The opinion given was that legal proceedings were not at present desirable, especially in view of an expected early change in the Government of the Province. This shortly afterwards took place, and resulted, as Bondholders are no doubt aware, in the expulsion of the then Governor, Dr. Julio Costa, from La Plata by the National Government, and the establishment of a Provisional Government in the hands of a Federal Interventor; the Administration of the Mortgage Bank was also entirely reformed.

The Committee, after very careful enquiry and consideration, selected and appointed the well-known firm of Messrs E. Tornquist & Co. of Buenos Ayres, to act as Agents in Argentina for the Bondholders, who will be gratified to learn that Messrs. Tornquist have undertaken the Agency. The Committee have lately received from them a full and interesting Report, dealing with the whole question at issue.

On November 16th last a Report was presented to the Federal Interventor by the new President of the Mortgage Bank, disclosing abuses and irregularities of the gravest description that had been permitted by the old Board of Directors, and asking that power be given to remedy as far as practicable the evils that had arisen from those abuses. The Provisional Government issued the following Decree :—

ARTICLE 1. No Notary shall register any written contract touching properties which have been hypothecated in favour of the Mortgage Bank of the Province, even if there exists a deed of cancellation of the mortgage, without the production of a Certificate of the said Establishment, in which is set forth the form and cause of the exoneration.

ARTICLE 2. The Certificate shall be annexed to the deed itself, and in the body of the writing mention shall be made of its validity.

ARTICLE 3. The Registrars who violate this order will incur a penalty of \$1,000 or suspension from two to four months.

On December 18th last the Committee addressed the following letter to the Interventor, in which the claims of the Bondholders are clearly set forth :—

“ COUNCIL OF FOREIGN BONDHOLDERS,
 “ 17, MOORGATE STREET,
 “ LONDON, E.C.,
 “ 18th December, 1893.

“ *To His Excellency,*

“ SR. DON DR. LUCIO V. LOPEZ,

“ Interventor Nacional of the Province of Buenos Ayres.

“ SIR,

“ The Committee of the British Holders of Cédulas of the Mortgage Bank of the Province of Buenos Ayres, acting in conjunction with the Council of Foreign Bondholders, venture to address themselves to Your Excellency in the interests of those whom they have been called upon to represent.

“ The Council and Committee beg to offer their congratulations to Your Excellency on your assumption of the office of Federal Interventor for the Province, and on the successful efforts made by Your Excellency towards the restoration of peace and order in the administration of the Province.

“ They beg to call the attention of Your Excellency to the many

wrongs that have been inflicted on the Holders of Cédulas, both by the legislative enactments of the late Provincial Government, and the grave irregularities that have occurred in the management of the Mortgage Bank.

"The Committee have on several occasions addressed themselves to the late Government, asking for redress, and they have repeatedly protested against the passage of Laws by which the value of their property was diminished and the rights originally conceded to them were seriously infringed.

"Their communications, however, met with no response, and they venture to think that the treatment accorded to them, as the accredited representatives of a most important section of the Creditors of the Province, is neither courteous nor just.

"Finding their attempts to meet the Government in an amicable spirit were destined to meet with no success, the Council and Committee appointed the firm of Messrs. Ernesto Tornquist & Co., of Buenos Ayres, to act as the Agents of the Bondholders, and requested them to take the necessary steps to enforce the legal rights of the Bondholders. The Committee are, however, informed by Messrs. Tornquist & Co. that a thorough change has been brought about in the administration of the affairs of the Province and in the management of the Mortgage Bank, and that there is every reason to believe that the rights of the Holders of Cédulas will be respected in the future, and that the wrongs suffered by them in the past will be redressed.

"Under these circumstances the Council and Committee hopefully await the installation of the new Government after the coming elections, trusting that the urgent claims of the Committee on behalf of the Holders of Cédulas will be met by the Government in a fair spirit, with the object of arriving at a reasonable settlement of the Bondholders' claims at the earliest possible moment.

"In the meantime they venture to appeal to the Provisional Government represented by Your Excellency to do what lies in their power during their tenure of office, to pave the way towards a full recognition of the rights of the Holders of Cédulas and a speedy and proper adjustment of their claims. They are glad to hear that a change has been made in the management of the Mortgage Bank, and suggest that the right to appoint some of the Directors should be accorded to the British and other European Holders of Cédulas, as their representatives on the Board.

"They also ask that all Acts which are in any way a modification

of the Organic Law under which the Cédulas were originally issued, when Bondholders were induced to purchase them, should be repealed.

"They claim that where it is practicable to do so, steps should be promptly taken to recover properties which have been fraudulently or wrongfully released by the Mortgage Bank.

"They claim that all nett profits arising out of the business of the Bank shall be paid each quarter as an *ad interim* dividend upon Coupons, and that the unpaid part of the Coupons shall be acknowledged as a liability of the Government.

"The Council and Committee are confident that Your Excellency will recognise that the treatment that has been accorded to the Holders of Cédulas is working incalculable harm to the honour and credit of the Province, and that the long-continued default cannot be allowed to be indefinitely prolonged without serious efforts being made on the part of the Debtor to arrive at a just and reasonable arrangement with the Creditors.

"We have the honour to be

"Your Excellency's obedient humble Servants,

"(Signed) JOHN LUBBOCK,

"Chairman of the Council of Foreign Bondholders."

"(Signed) J. S. BALLIN,

"Chairman of the Cédula Bondholders' Committee."

The Committee are hopeful that with the accession of the new Government to office, after the regular elections in the Spring of this year, an arrangement may be arrived at in due course. Messrs. Tornquist are, however, emphatic in their request that Holders of Cédulas should forthwith deposit their Bonds in order to strengthen their Agents' hands in their negotiations with the Government for a satisfactory settlement. Holders of Cédulas, who have not already deposited, will be acting in their own interests by supporting their Agents' efforts by lodging their Bonds with the London and County Bank, 21, Lombard Street, E.C., or with Messrs. Robarts, Lubbock & Co, 15, Lombard Street, E.C.

JOHN LUBBOCK,

Chairman, Council of Foreign Bondholders.

J. S. BALLIN,

Chairman, Cédula Bondholders' Committee.

17, MOORGATE STREET, E.C.,

January, 1894.

The letter to the Interventor was published in the Buenos Ayres papers of January 27th last.

The Report of the new President of the Mortgage Bank appointed by the Interventor, in response to which the above-mentioned Decree was issued, furnishes a summary of the painful abuses which had existed in the management of the Bank. Señor Ventura Cardenas, the President, says :—

The Directorate over which I preside has resolved to address itself through me to the Señor Interventor, requesting a measure which it considers of urgent necessity.

It has had occasion in the short time that it has been at work to notice that there have been granted on an enormous scale and for large sums of money exonerations of mortgages releasing the properties hypothecated to the Bank at the time of the constitution of the Loan, cancellations having been made without payment either in Cédulas or cash. The Organic Law has been violated in its most stringent provisions to the extent that in more than one case the exoneration has been entirely gratuitous, in others promises to pay have been allowed, and to crown all, in the remaining cases substitutions have been made of mortgages on other properties which in most instances, according to the valuations which appear on the documents, are not sufficient to cover even half the amount advanced. Void as all these cancellations are, the Bank still holds the mortgages notwithstanding the apparent liberations, and it has resolved to let the matter be made public in order that those interested may know the opinion that the Directors hold concerning such operations.

Without prejudice to the exercise of its rights in the manner permitted by the Laws of the Country, the Directors consider that a Resolution of the Señor Interventor is necessary, which, at the same time that it consults the interests of the Bank and of the Province of Buenos Ayres, which is responsible for its obligations, should prevent third parties being led into the acquisition of properties hypothecated in favour of the Bank, since it is impossible to become acquainted with all the cases in which mortgages have been wrongfully removed.

For this purpose, and admitting the urgency of the measure which

does not allow of being deferred until the meeting of the Legislature, I ask the Señor Interventor to have the goodness to publish a Decree ordaining that all the Registrars of the Province to whom recourse has to be had for the registration of a contract touching properties which have been charged in favour of the Bank, shall not proceed to make such contract formal without first obtaining a Certificate from the Establishment in which is set forth the form or reason of the exoneration.

This measure does not prejudice the validity of the exonérations, or will the Certificate be of any avail (if an irregular cancellation is brought to light) in cases where individuals have entered into contracts.

It will simply show them the state of affairs, and with this knowledge parties will understand what risks may attend the consequences of their acts.

A further Report, on the same subject, by Dr. Bibiloni, the lawyer of the Mortgage Bank, was published in the *Buenos Ayres Standard* of January 13th last, in which, speaking of the large quantity of "vales" (promissory notes) in the Treasury of the Bank, he says:—

The statement from the Accountant's Office puts down at \$12,188,094 the sums represented by these "vales." This amount is classified thus:—

Cedulas	...	...	...	...	\$10,152,306
Bonos	...	...	...	...	1,854,966
Cash	...	...	...	...	181,622

From this we must deduct \$3,214,300 represented by the so-called "vales de oficio" (management vales). The sum we have to deal with is therefore \$8,974,894, which should have been paid to the Bank in cash, but which as a matter of fact was not, much to the injury of the Bank's interests. False receipts were given and, in the greater number of cases, false deeds were made out. To this must be added a considerable sum mentioned in my Report on the Tyden "expediente," as the Accountant only includes, of this item, the "vale" for \$115,500 in Cedulas existing in the safe (the original mortgage, fraudulently cancelled, being for \$1,630,000, of which little

was amortized), and three hundred and odd thousand dollars for unpaid service unduly written off for the mortgagee.

In regard to the management vales I will say nothing. Later on I shall study the question. These "vales de oficio" were given by the President of the Bank for the amount of credits which were not covered by the proceeds of the foreclosures. This was simply a detestable method of squaring the accounts. It was an irregularity, since it cancelled the responsibility of debtors.

It is quite clear that it has been rendered impossible for the Bank to collect enormous, almost fabulous, sums, owing to a fraudulent system of operations, such as substitutions for cancelling mortgages. I say "fraudulent system" because the appended details show that the "vales" were given in four different classes of transaction :—

1. Cancelling of a mortgage, by promises to pay principal and interest.
2. Granting deeds of sale in favour of persons who paid nothing at all.
3. Cancelling overdue service.
4. Cash paid on account (Señas) at auctions.

In each of these operations the "vale" was given, not for promises to pay, but for specified sums or Cédulas, Bonos, or cash. In many of these "vales" the very series of the Cédulas is put down !

The Cashier and Accountant have informed me that in the first two operations (which are the most numerous) the original receipt of the Cashier is always to be found in the settlement deeds, and the entry in the books is for cash received without any reference to the "vale."

In the fourth operation, the receipt (as in the third) is in the hands of the interested party, but in the "talon," in the Auctioneer's book, is the entry of the false payment.

This "vale" system was a system of lies. A property is bought and a certain amount is handed in to the Auctioneer on account. It is a lie. A receipt is given to the purchaser for so much in Cédulas and so much cash—a lie. Receipts are given for overdue service or for cancelling a mortgage, which would imply that the Bank had received such and such sums—another lie.

The fraud is committed on a vast scale and without pity. The Bank is always stripped of its mortgages, of its credits, of the money it should receive, by means of false receipts and false deeds. And this is an insolvent bank, which, for want of earnings, had to suspend

the service on its own Bonds. If ever it was necessary for the Bank to demand the payment of sums due, it was surely at the moment when this "vale" system began. The basis of this system was the receipt given by the Cashier, and the fact of such a receipt being made out is a crime foreseen, and punished by Article 203 of the Penal Code.

The excuse that the receipt was given out in obedience to superior orders is no excuse, because he who gave the receipt committed the offence, and, besides, it is not true that in every case there was the "visto bueno" authorising the transaction. In the "vales" supposed to have been received by order of the Harilaos, there is a hieroglyphic sign, which is very far from being a signature. What is the meaning of this hieroglyphic mark? Who in good faith could act upon such an order?

Furthermore, nobody can become a forger by the instructions of others.

It would be well to study each of these operations in its respective bearings, for, although they all present a common feature, still there are always details to individualise each operation. Such an investigation comes within the province of the Courts of Justice and not that of the Board of Directors. What the Board have to do is to supply the Courts with the antecedents and circumstances of each case. To remain silent or hold back is to be an accessory. The Board should not become an accuser, because the direct proofs may vanish in face of the enquiry, which may discover that the real culprits are not those indicated.

In the preceding Report I have mentioned only the paper-vales. There are, besides, vales for \$401,645 gold—classified thus :—

					\$ Gold.
Private Vales	...	...	...	...	19,645
Management Vales	...	...	...	...	382,000
					<hr/>
					401,645
					<hr/>

It is stated that legal proceedings have been instituted against many of those who were parties to these fraudulent transactions, which have already resulted in the imprisonment of more than a dozen persons.

Dr. Bibiloni proposes to hold all the cancellations obtained against these "vales" as null and void, and the Directorate has decided to submit all cases of the kind to the decision of the Courts.

No figures have been published by the Provincial Mortgage Bank as to the amount of Cédulas outstanding since September 30th, 1892, when the total was given as follows :—

Currency issues (Series A to P)	\$219,268,000
Gold issue (Series A)	3,242,000

Series E, although included in the currency issues, is understood to be, partly or wholly, a gold issue.

In his message to the Legislature of the 1st May, 1893, the late Governor of the Province, in speaking of the Mortgage Bank, says :—

Debtors soon suspended the payment of their obligations and the Bank found itself, in consequence, under the sad but imperious necessity of being compelled to suspend forthwith the payment of the Cédula Coupons in circulation, and this act, which might in a manner be laid to the charge of the Establishment, but with the causes of which it had nothing to do, produced an immediate depreciation in the value of Cédulas.

You gentlemen then, under the Law of 14th June, 1891, arrested the collapse of the Bank, which would have entailed general disaster.

This Law improved the position of the Establishment, and prevented the collapse which events beyond all calculation or foresight had led up to.

But if this Law was beneficial to the Bank, its practical application showed that it was indispensable to amplify the powers of the latter by offering its debtors greater facilities for meeting their obligations, so as to effect by this means a larger reduction in the enormous arrears of debt.

These considerations induced you to pass the late Law which permits debtors of the Establishment to pay in "Bonos" the total

service in arrear with the exception of 1 per cent, which must be paid in cash in order to cover the expenses of administration, and I have the satisfaction of being able to anticipate that the results which you had in view in proposing that Law are being effected, for the number of debtors who punctually meet their obligations daily increases, as does also the number of cancelled mortgages, which naturally improves the position of the Establishment, and consequently that of the Holders of Cédulas.

The Cédulas in circulation on the 31st December last amounted to the sum of \$3,258,900 gold and \$215,419,930 currency; the Cédulas cancelled on the same date to \$1,652,100 gold and \$159,429,396 currency; yearly payments due to Bank to \$849,886 gold and \$61,005,419 currency, and yearly payments due by Bank to \$359,098 gold and \$32,964,868 currency. Receipts for the year were \$165,968 gold and \$12,335,058 currency, and Cédulas burnt during the same period amounted to \$600,000 gold and \$40,780,311 currency, all which proves the importance of the operations carried out by this Establishment in the year 1892.

The whole of the means which were adopted were purely temporary, and do not definitely relieve the condition of the Bank, and I therefore consider it as necessary as before to proceed to reorganise it, the conflicting interests of debtors and Holders of Cédulas being taken into consideration.

With regard to payment of debts to the Mortgage Bank in "Bonos" and Coupons, Messrs. Tornquist & Co. write:—

A distinction has been made by the Argentine Courts between Cédula Coupons and the "Bonos" which had been issued against the same unpaid Coupons according to the Provincial Laws of April and July, 1891. In fact several judgments have been given lately, which would seem to imply a recognition of the right to deliver to the Bank under the ordinary Laws of "set-off" its due Coupons in satisfaction of its liquidated claims, whilst the right of "set-off" was denied to the "Bonos" as being a promise of payment under special terms and for an indefinite epoch!

We avoid discussing with you these very complicated decisions, as it would have little practical importance: the question of "Bonos" has altogether disappeared, as no more of them can be issued, and as to

the Coupons, the above-mentioned decisions concerned only cases of payment of "overdue services."

No "Bonos" have been accepted by the Bank, except on the basis of the Law of July, 1891, viz. :—

For 50 per cent. of the arrears if the other 50 per cent. were paid in cash.

For the whole amount of arrears in case that the whole Debt were redeemed.

The Committee hope that Holders of Cédulas, by giving them their support, will enable them to strengthen Messrs. Tornquist & Co.'s hands in their negotiations with the Government. Arrangements are being made to open Deposits of Cédulas in some of the principal cities of the Continent.

COLOMBIA.

Principal of $4\frac{3}{4}$ per Cent. External Bonds			
of 1873 in circulation ...	...	...	£ 1,913,500 0 0
Coupon Arrears and Interest Certificates			
to 1st January, 1894 ...	...	...	1,328,267 10 0
Total ...	...	...	<u>£ 3,241,767 10 0</u>

Colombian Committee.

The Right Hon. Sir John Lubbock, Bart., M.P., *Ex officio*.
 J. Abbott, Esq.
 M. Castello, Esq.
 Hyde Clarke, Esq.
 Roger Eykyn, Esq.
 L. R. Lack, Esq.
 Arthur M. Sebag Montefiore, Esq.
 Charles Penruddocke, Esq., J.P.
 Christopher Rowlands, Esq.
 C. Surgey, Esq.

Gen. Sir J. Luther Vaughan, K.C.B.
 E. Wright, Esq.

Secretary.

Charles O'Leary, Esq.

Bankers for the $4\frac{3}{4}$ per Cent. Loan.
 London and County Bank.

Agent at Bogotá.

Arthur Malo O'Leary, Esq., of
 H.B.M.'s Legation.

The National Congress of Colombia did not hold a Session in 1893, and no Report as to the Commerce and Finances of the Country has been issued for that year by the Ministry of Finance. The Council are not therefore in a position to afford the Bondholders any later official information under these heads than that contained in their last Report.

According to private advices the situation has not improved. It is represented that the paper currency—and there is no other—already much depreciated, has fallen

still further in value during the last twelve months, owing as much to unfavourable economic conditions as to additional issues of paper to meet the deficit caused by a decrease of Revenue. It is expected, however, that the Tobacco Monopoly, authorised by a Law issued two years ago, but only recently established, will, in time, bring in a considerable revenue and go far towards the establishment of a financial equilibrium. The construction of Railways, for which numerous Concessions have been granted, would have, had they been carried out, tended more than any fiscal measure which has been or may be adopted to improve the situation, but up to the present only the line from Carthagena, on the Atlantic Coast, to the River Magdalena, has been seriously taken in hand. All the other projects have either lapsed or have been annulled by the Government owing to the failure of the Concessionaires to raise the necessary funds; and it may be safely predicted that so long as Colombian credit abroad remains what it is, all efforts to attract foreign Capital for Railways or any other undertakings will prove unavailing. It is to be hoped in the interest alike of Colombia and her creditors, that during the Session of Congress, which begins in July, measures may be taken to bring to an end the long default, and thereby pave the way to the financial rehabilitation of the country.

COSTA RICA.

Consolidated Debt of 1886 (External) ... £2,000,000

Seven per Cent. Costa Rica Committee.

The Right Hon. Sir John Lub-
bock, Bart., M.P., *Ex officio*.

G. Barham, Esq.

E. Lennox Boyd, Esq.

U. R. Burke, Esq.

T. Cave, Esq.

T. Dowling, Esq.

W. E. Duncan, Esq.

Roger Eykyn, Esq.

W. Godfrey, Esq.

G. de G. Griffiths, Esq., M.D.

W. Griffith, Esq.

G. D. Harris, Esq.

L. Harrison, Esq.

W. J. Harvey, Esq.

J. Cooke Harker, Esq.

Geo. Herring, Esq.

T. Hobday, Esq.

Saul Isaac, Esq.

G. A. King, Esq.

J. M. Louis, Esq.

H. Price, Esq.

A. W. Ray, Esq.

Secretary.

Charles O'Leary, Esq.

Six per Cent. Costa Rica Committee.

The Right Hon. Sir John Lub-
bock, Bart., M.P., *Ex officio*.

Tudor Crawshay, Esq.

F. Freeman, Esq.

Secretary.

Charles O'Leary, Esq.

During the past year the service of the External Debt of 1886 of this Republic has been paid with punctuality in spite of the difficulties with which it, in common with many other South and Central American States, has had to contend, owing to the depreciation of Silver.

In consequence of the great strain thus placed upon the resources of the State, in making remittances to London

for the service of the External Debt, the Government decreed an Export Duty of six shillings per 46 kilogrammes (rather under one hundredweight) on Coffee, which is the principal article of export.

It is expected that this new tax will produce from £70,000 to £80,000 a year, to be devoted exclusively to the service of the External Debt, and it is hoped by this means to reduce, if not entirely to remove, the difficulty under which the Government labours in remitting funds to London.

RATES OF EXCHANGE.

During recent years the value of the Dollar in Costa Rica has fallen as follows :—

In 1887-8 it stood at \$6.50 to the £1 sterling.

„ 1889	„	„	7.0	„	„
„ 1890	„	„	7.50	„	„
„ 1891	„	„	8.0	„	„
„ 1892	„	„	10.0	„	„
„ Oct., '93	„	„	12.50	„	„

Previously to the year 1887 the financial transactions of the country were carried out on a gold basis.

EXTERNAL DEBT.

There has been no change during 1893 in the amount of Bonds in circulation of the External Debt of 1886, as the Sinking Fund will not come into operation until 1898.

INTERNAL DEBT.

No statement has been published by the Minister of Finance on the financial position of the Republic since

1892, the main points of which were contained in the last Report of the Council, and the amount of the Floating Internal Debt cannot therefore be ascertained, but the Consolidated Internal Debt in October last did not reach a higher figure than \$177,700, equal to £14,216 at the current rate of exchange, viz. : \$12.50 per £1 sterling.

POPULATION.

A general Census of the Republic was taken in February, 1892, when Costa Rica was found to contain 243,205 inhabitants.

On two previous occasions when a general Census was taken it resulted as follows :—

In 1864	...	...	120,499 inhabitants.
„ 1883	...	...	182,073 „

IMPORTS AND EXPORTS.

	1890.	1891.	1892.	1892.
Imports ...	\$6,615,410	\$8,351,029	\$5,389,749	£538,975
Exports ...	10,063,765	9,664,607	9,113,948	911,390
Total ...	\$16,679,175	\$18,025,636	\$14,503,697	£1,450,365

In the foregoing Table the returns for 1892 are calculated at the rate of \$10 to the £1 sterling, which was about the average rate for that year.

NATURE AND VALUE OF EXPORTS FOR 1892.

Products.		Puntarenas.		Limon.		Total.	
		Quantity.	Value.	Quantity.	Value.	Quantity.	Value.
Coffee	Tons	2,225	£ 167,495	8,401	£ 634,963	10,626	£ 802,464
Bananas	Bunches	..	..	1,178,812	70,728	1,178,812	70,728
Hides and Skins	Tons	125	4,209	150	5,323	725	9,532
Cedar and other woods	Logs	166,204	13,920	3	23	166,207	13,943
Rubber	Lbs.	25,900	1,204	1,155	510	27,055	1,714
Cocoa	"	16,700	1,367	2,533	176	19,233	1,543
Bullion .. ..	..	..	6,197	..	222	..	6,419
Turtles .. ..	..	..	..	186,870	1,446	186,870	1,446
Whetstones ..	Lbs.	72,028	647	75	..	72,028	647
Various	Tons	25	1,560	..	1,398	100	2,958
Total .. ..	..	..	196,599	..	714,795	..	911,394
Equivalent in } currency .. }	..	..	..	..	..	..	\$9,113,948

BUDGET 1893-94.

Estimated Income ... ..	...	\$4,800,000 = £457,140
„ Expenditure ... ..	...	4,741,180 = 451,540
Estimated Surplus ... ..	...	\$58,820 = <u>£5,600</u>

These values are taken at \$10.50 per £1 sterling, that being the rate at which the Minister of Finance has made provision in his Budget for the Interest on the External Debt. No further details are given.

ECUADOR.

New Consolidated Debt (authorised)	...	£750,000
Amount issued	... ..	£711,580
Amount redeemed by drawing	... ..	3,740
Amount in circulation	... ..	£707,840

Ecuadorian Committee.

The Right Hon. Sir John Lubbock, Bart., M.P., *Ex officio*.
 Roger Eykyn, Esq., *Vice-Chairman*.

J. C. Bayley, Esq.
 W. H. Bishop, Esq.
 M. Castello, Esq.
 Hyde Clarke, Esq.
 E. F. Coates, Esq.
 Thomas Coleman, Esq.
 F. G. Horne, Esq.

L. R. Lack, Esq.
 F. P. Obicini, Esq.
 Joseph Tucker, Esq.
 Gen. Sir Luther Vaughan,
 K.C.B.
 Ed. Wright, Esq.
 T. Wood, Esq.

Secretary.

Charles O'Leary, Esq.

CONVERSION.

The period allowed for the conversion of the Bonds of the Loan of 1855 into the New Consolidated Debt, expired on the 6th December last, up to which date Bonds to the amount of £1,727,650 had been deposited, and the corresponding New Bonds, together with Certificates of Claim for the seventeen months' unpaid Interest, from 1st January, 1891, to 31st May, 1892, were issued.

EXTENSION OF CONVERSION.

As the amount of the Loan of 1855 was £1,824,000, there remained £96,350, or $5\frac{1}{4}$ per cent. of the Debt still outstanding and unconverted in December last. On the representation, however, of the Council, the Government

readily consented to extend the Conversion for a further period of six months, which will expire on the 6th June next. The Council take this opportunity of urging Bondholders to avail themselves, without further delay, of the concession thus granted to them.

ECUADOR NATIONAL RAILWAY COMPANY.

In November last the Council were informed that the Directors of the Ecuador National Railway were prepared to hand over to the Bondholders the £15 of fully paid-up Shares in respect of each £100 New Bond, as provided for in the Agreement dated 25th November, 1891, between the Council and the Company. The Letters of Allotment have been issued to the Bondholders, and should be presented by them at the offices of the Company, Blomfield House, London Wall, E.C., for exchange into Share Certificates of the Railway Company.

CONGRESS.

Congress, it is expected, will meet in June next, and the Council will take the opportunity of endeavouring to come to an arrangement with the Government for the payment of the Certificates of Claim for the unpaid seventeen months' Interest above referred to, and also for the provision of the necessary expenses attendant upon the service of the Debt, which up to the present have been provided by the Bondholders.

The subjoined Table shows the amount of the additional 10 per cent. Import Dues applicable to the payment of the Debt, collected at the various Custom-houses of the Republic since the commencement on the 1st June, 1892:—

COMPARATIVE TABLE, SHOWING THE PROCEEDS OF THE
EXTRA 10 PER CENT. IMPORT DUES AT THE VARIOUS
CUSTOM-HOUSES OF THE REPUBLIC, 1892-3.

Custom-house.	1892.		1893.		Increase.	Decrease.
	Month.	Amount Received.	Month.	Amount Received.		
Guayaquil...		\$		\$	\$	\$
	...	...	Jan.	15,307.99	..	...
	...	...	Feb.	14,651.99	...	...
	...	...	March	11,330.61	...	...
	...	...	April	14,020.76	...	...
	...	...	May	23,040.03	...	...
	June	6,467.37	June	22,403.08	15,935.71	...
	July	13,150.73	July	19,433.84	6,283.11	...
	August	16,131.56	August	23,355.92	7,224.36	...
	Sept.	11,544.46	Sept.	16,960.24	5,415.78	...
	Oct.	7,479.82	Oct.	17,080.74	9,600.92	...
	Nov.	16,223.57	Nov.	18,583.24	2,359.67	...
	Dec.	20,038.96	Dec.	22,619.21	2,580.25	...
Manta .....	...	...	Jan.	107.63	...	...
	...	...	Feb.	110.10	...	...
	...	...	March	94.74	...	...
	...	...	April	127.18	...	...
	...	...	May	129.74	...	...
	June	140.56	June	135.30	...	5.26
	July	52.08	July	200.00	147.92	...
	August	192.52	August	133.40	..	59.12
	Sept.	130.65	Sept.	144.35	13.70	...
	Oct.	146.18	Oct.	105.40	...	40.78
	Nov.	111.97	Nov.	109.45	...	2.52
	Dec.	99.62	Dec.	313.90	214.28	...
Bahia.....	...	...	Jan.	33.55	...	...
	...	...	Feb.	145.61	...	...
	...	...	March	52.60	...	...
	...	...	April	115.37	...	...
	...	...	May	100.88	...	...
	June	44.65	June	85.75	41.10	...
	July	69.48	July	229.15	159.67	...
	Aug.	266.49	August	11.95	...	254.54
	Sept.	120.73	Sept.	19.72	...	101.01
	Oct.	51.01	Oct.	49.70	...	1.31
	Nov.	73.85	Nov.	72.04	...	1.81
	Dec.	107.78	Dec.	*57.57	...	...

* For one fortnight only.

COMPARATIVE TABLE, SHOWING THE PROCEEDS OF THE
EXTRA 10 PER CENT. IMPORT DUES AT THE VARIOUS
CUSTOM-HOUSES OF THE REPUBLIC, 1892-93 (*Continued*).

Custom-house.	1892.		1893.		Increase.	Decrease.
	Month.	Amount Received.	Month.	Amount Received.		
Esmeraldas	...	\$...	Jan.	\$ 46.34	\$...	\$...
	...	...	Feb.	111.08	...	...
	...	...	March	154.63	...	...
	...	...	April	91.72	...	...
	...	...	May	42.34	...	...
	June	26.00	June	134.38	108.38	...
	July	117.82	July	460.07	342.25	...
	August	22.03	August	108.57	86.54	...
	Sept.	40.12	Sept.	12.53	...	27.59
	Oct.	53.98	Oct.	87.66	33.68	...
	Nov.	34.81	Nov.	*54.36	...	...
	Dec.	..	Dec.	195.29	...	...
Tulcan .....	...	...	Jan.	35.49	...	...
	...	...	Feb.	1.12	...	...
	...	...	March	36.98	...	...
	...	...	April	70.88	...	...
	...	...	May	50.58	...	...
	June	27.85	June	11.02	...	16.83
	July	59.44	July	21.79	...	37.65
	August	13.40	August	42.38	28.98	...
	Sept.	44.98	Sept.	23.05	...	21.93
	Oct.	25.42	Oct.	51.75	26.33	...
	Nov.	57.17	Nov.	...	...	...
	Dec.	37.06	Dec.	102.69	65.63	...
L oja	June	...	} No returns have yet been received for 1893.			
	July	8.92				
	August	18.17				
	Sept.	1.89				
	Oct.	1.02				
	Nov.	30.00				
	Dec.	1.94				

* For one fortnight only.

EXCHANGE.

It will be observed, on an examination of the above figures, that there has been a general increase in the amounts collected during the past year. But although the receipts have shown an improvement, it will be noticed on reference to the Table below that the net amounts received in London do not, in consequence of the rise in the rate of exchange, exhibit a corresponding increase. An example of how seriously this rise in exchange has affected the amounts received in London is shown by comparing the remittance on the 3rd December, 1892, with that of the 23rd December, 1893. In the former case the remittance of \$9,291.90 produced £1,161. 9s. 9d., whilst the latter, amounting to \$9,572.28, or \$280.38 more, realised £1,072. 10s. 6d., or £88. 19s. 3d. less.

The following Table shows the amounts remitted, the rates of exchange, and the nett amount received in London for the service of the New Consolidated Debt :—

Date of Remittance.	Amount Remitted.	Rate of Exchange.	Amount Received in London.		
1892.	\$	\$	£	s.	d.
August 20 ...	13,883.70	60½	1,730	1	2
„ 20 ...	6,035.55	60½	752	1	10
September 2 ...	5,559.67	63½	680	1	8
„ 24 ...	11,303.06	63½	1,382	12	9
October 1 ...	6,602.28	62½	812	11	10
„ 22 ...	5,238.54	59½	656	17	5
November 5 ...	3,636.64	59½	456	0	2
„ 19 ...	4,104.12	60½	511	8	4
December 3 ...	9,291.90	60	1,161	9	9
„ 17 ...	7,102.73	65½	858	6	9
„ 31 ...	8,796.62	65½	1,062	19	3
1893.					
January 14 ...	11,575.87	66	1,394	13	8
February 4 ...	8,478.00	65½	1,024	10	8
„ 18 ...	7,042.34	63½	861	9	0
March 11 ...	6,919.02	63	848	19	2
„ 25 ...	8,308.12	63	1,019	8	0
April 15 ...	11,411.48	Included in a Cable Transfer of £3,536. 8s. 7d. on 25th April, 1893.			
„ 29 ...	7,721.18				
May 6 ...	149.79				
„ 13 ...	9,158.77				
June 3 ...	12,120.08	61½	1,500	18	10
„ 24 ...	11,427.27	60½	1,423	19	2
July 8 ...	12,699.70	76½	1,439	1	2
„ 22 ...	9,028.46	78½	1,112	8	8
August 5 ...	10,258.21	78½	1,149	7	7
„ 19 ...	9,780.62	79½	1,089	15	3
September 2 ...	10,766.03	76½	1,218	4	5
„ 23 ...	13,341.50	78	1,499	0	11
October 28 ...	17,260.16	Included in a Cable Transfer of £8,327. 6s. 8d. on 28th Oct.			
November 4 ...	6,912.32				
December 11 ...	9,143.74				
„ 23 ...	9,572.28	78½	1,024	10	2
1894.					
January 13 ...	7,365.36	78½	825	5	0
February 3 ...	16,087.11	83½	1,753	7	3

CURRENCY.

In consequence of the continued depreciation of silver, several proposals during the past year were put forward having for their object the reform of the Currency of the Republic. A Commission, consisting of merchants and

bankers in Guayaquil, was appointed to investigate and report upon the advisability of establishing a gold currency. The Banco del Ecuador subsequently presented a project to the Government for the adoption of a gold standard on the basis of fixing the value of the sucre at thirty pence. This proposal received the support of the Guayaquil Chamber of Commerce, but it was subsequently abandoned. A proposition which received a more favourable reception was, that the gold sucre should be valued at forty-eight pence. Up to the present, however, nothing definite has been done.

IMPORTS AND EXPORTS.

It has not been possible to obtain any statistics of a recent date relative to the Imports and Exports of the Republic, as the Reports of the several departments are only made to Congress by the respective Ministers once in two years.

INTERNAL DEBT.

The total amount of the Internal Debt on the 31st December, 1892, was \$2,046,274 (£268,573), of which \$1,396,274 (£183,261) was due to the Banco del Ecuador. This shows an increase of \$146,536 (£19,232) compared with 1891.

GUAYAQUIL MUNICIPAL DEBT.

It may also be mentioned that the Municipality of Guayaquil was at the end of 1892 indebted to the "Banco Hipotecario" to the amount of \$1,326,000 (£174,038). It

is anticipated that this Debt will be reduced when the water supply of the Municipality is thoroughly established, and a revenue is derived from the water rate.

COCOA.

Cocoa is the chief article of export, and it is satisfactory to note that the amount exported during 1893 exceeded that of any previous year, as is shown in the following Table :—

EXPORT OF COCOA FROM GUAYAQUIL.

Year.							Quintals.
1841 ...	...	...	...	...	...	...	114,102
1851 ...	...	...	...	...	...	...	95,670
1861 ...	...	...	...	...	...	...	186,781
1871 ...	...	...	...	...	...	...	172,422
1881 ...	...	...	...	...	...	...	231,233
1890 ...	...	...	...	...	...	...	364,906
1891 ...	...	...	...	...	...	...	210,000
1892 ...	...	...	...	...	...	...	334,430
1893 ...	...	...	...	...	...	...	401,654

MINING.

During the past few years American capitalists have been directing their attention to the development of the Mining industry of the Republic. In 1892 a Company was formed in New York under the name of "Plaza del Oro Mining Company," for the purpose of working the gold placer mines on the river Santiago, in the Province of Esmeraldas. The necessary machinery and plant and a staff of engineers are reported to have arrived, and to have commenced operations, the results of which, however, have not yet been made known. It was also stated that other companies were in course of formation in New York, for working similar mines in the same district.

EGYPT.

4 % Unified Debt outstanding, January, 1894	£55,986,140
3½ % Preference Bonds " " ...	29,393,580
4¼ % Domains Loan " " ...	4,239,320
4 % Daira Sanieh Loan " " ...	7,011,860
3 % Guaranteed Loan " " ...	8,844,100
Total 	<u>£105,475,000</u>

NOTE.—All amounts are converted into pounds sterling at £1. os. 6d. to the £ Egyptian.

SERVICE OF THE DEBT.

The annual charge for the service of the Debt administered by the Special Treasury of the Public Debt, is as follows :—

3 % Guaranteed Loan 	£314,803
3½ % Preference Debt 	1,028,357
4 % Unified Debt 	2,238,046
	<u>£3,581,206</u>

The amounts received from the assigned Revenues on account of the above Loans during the past year have been duly communicated to the Bondholders through the public press.

The following Statement shows the total amounts

received by the Special Treasury for account of the Debt during the past five years, viz.:—

In 1889	...	...	...	...	£4,619,092
„ 1890	...	...	...	...	4,569,425
„ 1891	...	...	...	...	4,453,992
„ 1892	...	...	...	...	4,851,762
„ 1893	...	...	...	...	4,820,575*

* Being £1,424,750 in excess of the sum required to meet the Coupons.

REVENUE RETURNS.

The closed accounts to the end of 1893 present the following results:—

Revenue	...	...	...	...	£10,579,025
Expenditure	...	...	...	...	9,841,025
Surplus Receipts	...	...	...	...	<u>£738,000</u>

Of this sum £353,087 is due to the conversion of the Debt, and is deposited with the Caisse de la Dette. £263,370 is added to the General Reserve Fund in the hands of the Caisse de la Dette, and £121,814 is credited to the Special Reserve Fund, which is at the disposal of the Government.

GENERAL RESERVE FUND.

At the close of 1892 this Fund amounted to £2,006,809. During 1893 it was increased as follows:—

Share of the Surplus of the assigned Revenues	£263,371
Interest on Bonds held for the Fund, etc.	83,295
Sales of Free Lands	16,227
	<u>362,893</u>
Less authorised outlays	2,369,702
	<u>506,520</u>

Nett amount on 1st January, 1894* ... £1,863,182

* N.B.—It should be noted that this sum is provisionally pledged as a guarantee for certain advances assented to by the Treasury of the Debt, amounting to £807,022.

SPECIAL RESERVE FUND.

This Fund at the end of 1892, held ... £796,810
 During 1893 it was increased as follows :—

Share of the Surplus of the Assigned					
Revenues ... ..	...	...	...	...	£121,814
Interest on Funds in hand, etc. ... ..	...	...	...	...	3,511
					<hr/>
					125,325
					<hr/>
					922,135
Less sundry outlays ... ..	...	...	...	...	380,344
					<hr/>
Nett amount on 1st January, 1894 ... ..	...	...	...	...	£541,791
					<hr/>

In addition to these two Funds the Government has in Reserve the sum of £1,025,498 due to the accumulated economies on the Debt, which the Government has not yet received the authority of the Powers to make use of. Nearly the whole of this Reserve is invested in Egyptian Stock, and taking the value of these Stocks on the 31st December, 1893, the total Reserve of the Government amounts to £3,643,284.

In the year 1893 the Government was able to redeem Debt to the extent of £920,306, mainly out of the proceeds of the sale of Domains lands, and the surplus of the Daira Administration.

The following are the Estimates of Expenditure and Revenue for 1894 :—

REVENUE.

<i>Direct Taxes—</i>					£	£
Land Tax	..	...	...	...	4,991,750	
Other direct Taxes	...	...	...	...	132,225	
						5,123,975
<i>Indirect Taxes—</i>						
Customs	...	...	...	...	799,500	
Tobacco	...	...	...	...	748,250	
Octrois	...	...	...	...	205,000	
Salt, etc.	...	...	...	...	174,250	
Fisheries	...	...	...	...	99,425	
Navigation Dues	...	...	...	...	79,950	
Stamps and Registration Dues	...	...	...	...	36,900	
Sundry Duties	...	...	...	...	23,575	
						2,166,850
<i>Administration of Receipts—</i>						
Railways	...	...	...	...	1,691,250	
Telegraphs	...	...	...	...	43,050	
Port of Alexandria	...	...	...	...	128,125	
Other Ports	...	...	...	...	2,562	
Post Office and Postal Packets	...	...	...	...	248,050	
Lighthouses	...	...	...	...	102,500	
Gold Assay Office	...	...	...	...	7,688	
						2,223,225
<i>Receipts of Administrative Services—</i>						
Justice	...	...	...	...	379,250	
Sundry Ministries	...	...	...	...	30,750	
Exemption from Military Service	...	...	...	...	92,250	
Interest on Deposits	...	...	...	...	24,600	
						526,850
<i>Government Property</i>						88,150
<i>Suakin</i>						16,400
<i>Deduction from Salaries for Pension Fund</i>						55,350
<i>Economy resulting from Conversion of Daira Sanieh and Domain's Debts (Including Interest on Bonds purchased)</i>						126,075
Total Ordinary Receipts						£10,326,875

EXPENDITURE.

	£	£
<i>Civil List of the Khedive, etc.</i>		269,432

Cost of Administration and Collection—

Council of Ministers	4,191	
Legislative Council	8,815	
Ministry of Foreign Affairs	11,414	
Ministry of Finance	122,202	
Ministry of Public Instruction	106,896	
Ministry of Interior	125,791	
Ministry of Justice	381,625	
Ministry of Public Works	482,426	
General Expenses of Ministries	96,236	
Provincial Administrations, etc.	331,111	
Cost of Collection :—		
Customs	138,336	
Octrois	33,770	
Salt, etc.	47,115	
Fisheries	9,343	
Navigation Dues	3,237	
		<u>1,902,558</u>

Expenses of Administrations of Receipts—

Railways	826,415	
Telegraphs	41,205	
Port of Alexandria	25,113	
Other Ports	3,951	
Post Office and Steamers	204,713	
Lighthouses	25,770	
Gold Assay Office	2,250	
		<u>1,129,417</u>

Public Security—

Ministry of War	399,138	
Police	224,329	
Prisons	35,040	
Army of Occupation	86,945	
		<u>745,453</u>

<i>Government of Suakim</i>	122,266
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<i>Pensions, etc.</i>	456,125
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Carried forward	<u>£4,625,251</u>
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		£	£
Brought forward	...		4,625,251
<i>Tribute and Public Debt—</i>			
Turkish Tribute	681,667	
Interest on Suez Canal Shares	... ..	115,911	
Daira Khassa	... ..	34,850	
Moukabala	... ..	153,750	
Interest and Exchange	... ..	2,128	
Domains Deficit	... ..	92,250	
<i>Service of the Consolidated Debt—</i>			
Guaranteed Loan	... ..	314,803	
Preference Debt	... ..	1,028,357	
Unified Debt	... ..	2,238,046	
			4,661,762
<i>Suppression of the Corvée</i>	... ..		410,000
<i>Unforeseen Expenses</i>	... ..		35,362
<i>Sanitation of Cairo</i>	... ..		51,250
Total Ordinary Expenditure	... ..	£9,783,625	

SUMMARY.

		£
Revenue	... ..	10,326,875
Expenditure	... ..	9,783,625
Estimated Surplus	... ..	£543,250

The surplus of £543,250 includes a sum of £397,513, which represents the savings on the Privileged and Daira Sanieh Conversion, and which the Government cannot dispose of without the unanimous assent of the Powers—refused hitherto—and a further sum of £132,066, applicable to the General Reserve Fund or redemption of Debt. This only leaves at the disposal of the Government the small amount of £13,671, after making reductions in taxation for 1894 of £105,575.

The Budget for 1894 shows that the remissions of taxations since 1890 have amounted to £1,012,700.

DAÏRA SANIEH.

It is satisfactory to note that the Administration of the Daïra Sanieh has now an annual surplus in the place of the previous yearly deficits.

STATE DOMAINS.

The Conversion of the Domains Debt was carried out in 1893, and caused an annual saving to the Government of £31,000.

CONVERSION OF UNIFIED DEBT.

Recent advices state that the Conversion of the Unified Debt, on conditions exactly similar to those of the previous Conversions, has been determined on, subject to the approval of the Powers.

GREECE.

Greek Committee.

Right Hon. Sir John Lubbock,
Bart., M.P., *Chairman*.
Charles E. Barnett, Esq.
Charles Cheston, Esq.
C. T. D. Crews, Esq.
Right Hon. Sir M. E. Grant-Duff,
C.I.E., G.C.S.I.
Roger Eykyn, Esq.

Granville F. R. Farquhar, Esq.
George Jacobson, Esq.
Capt. F. Pavy.
F. Praed, Esq.
C. M. Rose, Esq.
Sir George Russell, Bart., M.P.
Secretary.
Charles O'Leary, Esq.

The statistics relating to the trade and finances of Greece given in this Report are, for the most part, founded on the valuable and exhaustive Report of Major Law, issued through the medium of the Foreign Office in March, 1893, supplemented by the figures recently given by M. Tricoupi.

Major Law's investigations were undertaken principally with the view of ascertaining whether the position of Greece would justify the issue of a Loan which would enable the Government to tide over the financial difficulties under which the country was avowedly labouring. These difficulties were due partly to unfavourable economic conditions, but primarily to the mismanagement of the finances, which had depreciated the paper currency, and by so doing rendered difficult the remittance in gold of the Interest payable abroad.

The negotiations for a Loan, undertaken after the publi-

cation of Major Law's Report and in accordance with one of its recommendations, fell through owing to the disinclination or inability of the Government to grant the securities demanded by the bankers. Failing to obtain financial assistance on their own terms, the Government had recourse to the easy but dangerous expedient of a funding operation, whereby the Coupons for three years on the Loans of 1881, 1884, 1889 and 1890 were to be paid in Bonds bearing 5 per cent. Interest. From this operation the Monopoly Loan was excluded on account of the special guarantees which the Government still recognised.

Such Coupons as fell due in July and October last were consequently paid in these Bonds, but a ministerial crisis supervened, and on M. Tricoupi resuming office, orders were given to stop the issue of Funding Bonds.

Immediately following this order, the Government, alleging their inability to provide a larger proportion on account of the high rate of exchange, reduced the Interest payable to the Bondholders by 70 per cent., this time including the Monopoly Loan, notwithstanding the solemn guarantees pledged to it.

This, like previous measures, having been adopted without even a pretence of consulting the Bondholders, much indignation was aroused by what was naturally regarded as a flagrant breach of faith, and the French and German Governments instructed their representatives at Athens to remonstrate officially with the Greek Government. Meetings were held almost simultaneously in London, Paris and Berlin, at which Committees of Bondholders were appointed, and strong protests were entered against the action of the Government.

The London Meeting was held on the 21st of December, 1893, and the following Resolution was passed unanimously :—

That this General Meeting of Holders of Bonds of the Greek External Loans of 1881, 1884, 1887, 1889, and 1890 requests the Council of Foreign Bondholders to undertake the representation and protection of their interests, authorises them to appoint a Committee of Greek Bondholders to act in conjunction with them, and recommends the following gentlemen as Members of the Committee :— Sir John Lubbock, Sir M. E. Grant-Duff, Sir George Russell, Mr. Charles E. Barnett, Mr. Charles Cheston, Mr. George Jacobson, Mr. Charles T. D. Crews, Mr. Granville F. R. Farquhar, Mr. F. Praed, Mr. C. M. Rose, Mr. Roger Eykyn, and Captain F. Pavy.

The Committee immediately afterwards held its first Meeting, and the Chairman addressed the following telegram to M. Tricoupi, the Greek Premier :—

I have the honour to inform you that a large and representative Meeting of Holders of Greek Bonds was held to-day, under the auspices of the Council of Foreign Bondholders, at which the Bondholders energetically protested against the proposed action of the Greek Government as regards the External Debt, and appointed a Committee to represent and protect their interests.

In confirmation of the above telegraphic protest, the Committee on the 23rd December addressed the following letter to M. Tricoupi :—

[Copy.]

COUNCIL OF FOREIGN BONDHOLDERS,
17, Moorgate Street, E.C.,

23rd December, 1893.

To His Excellency CHARILAOS TRICOUPÍ, President
of the Council of Ministers, Athens.

SIR,

I have the honour to inform Your Excellency that at a large and representative Meeting of the Holders of Greek Securities, held on the 21st instant, under the auspices of the Council of Foreign Bondholders, a Committee was appointed to represent and protect the interests of the Bondholders, of which Committee I am Chairman.

It is my duty to inform Your Excellency that the Bondholders desire in the strongest possible manner to protest against the action which the Greek Government propose to take with regard to the External Debt of the Country.

They desire to protest against the action taken by the Government in proposing to reduce the Interest payable on the External Debt, and to alter the system of collection of the hypothecated Revenues without any previous communication and accord with the Bondholders.

They desire to protest against the course which has already been taken of cancelling by a ministerial letter, without any Act of the Chambers, the collection in gold of taxes pledged to External Loans, and which, according to the Statute Law of Greece were to be collected in gold.

They desire to protest against any interference, by the Greek Government, with the collection of the proceeds of monopolies specially hypothecated to the service of the Monopoly Loan of 1887, and for the collection of which, in accordance with the Greek Statute Law, the Monopoly Committee was established.

They desire to protest against the cancellation of the Caisse recently established by Royal Decree, for the service of the Funding Loan, 1893, and against any attempt by the Greek Government to take from the Monopoly Committee or the Caisse cash already collected by those establishments for the service of the Debts which they respectively represent.

As regards the Funding Loan, they desire to point out that it was essentially a compromise entered into between Greece and its creditors during the present year, and the fulfilment of obligations respecting this Loan is especially incumbent on Your Excellency's Government.

They desire finally to protest against the cancellation of the Sinking Funds attached to the External Loans, especially as the heavy Sinking Fund attached to the service of the Greek Internal Loan of 16,500,000 drachmas of 1892 has been preserved and continues to operate.

The Council of Foreign Bondholders and the Committee of Bondholders, of which I am Chairman, have felt it to be their duty

to place themselves in communication with H.B.M. Foreign Office, and to request that the British Minister at Athens may use his influence for the protection of the interests of the British Holders of Greek Stocks, whose interests are so seriously affected by the proposals of the Greek Government.

The Council and Committee confidently trust that, in consideration of the case Your Excellency's Government will authorize them to give the Bondholders an assurance that no steps will be taken to modify any existing contracts and arrangements without previous consultation and accord with themselves as the representatives of the creditors.

I have the honour to be,
Sir,
Your Excellency's obedient humble Servant,
(Signed) JOHN LUBBOCK,
Chairman.

To that letter, M. Romanos, the Greek Chargé d'Affaires in London, replied in the following Note:—

[*Copy.*]

GREEK LEGATION,
1, Albemarle Street, S.W.,
22nd January, 1894.

To the Right Hon. Sir JOHN LUBBOCK, Bart., M.P., Chairman of the Council of Foreign Bondholders and of the Committee of Holders of Greek Bonds.

SIR,

I am instructed to acknowledge the receipt of your letter to my Government, and to assure your Committee and the Bondholders, that while the Government thoroughly recognise the obligations undertaken by Greece, they have acted under imperious and immediate necessity, and are convinced they can satisfy the Bondholders that it is impossible for them to carry on the Government of the country and meet their engagements in full; but whatever may be the provisional measures imposed on the Government by the imperious necessities of the situation, the Government consider that

no Obligations or Securities can undergo any modification of a permanent character except by agreement with the Bondholders.

With the view of carrying out such an Agreement, I am instructed to hold myself at your disposal.

I am, Sir,
Your obedient Servant,
(Signed) ATHOS ROMANOS,
Greek Chargé d'Affaires.

In acknowledgment of the above the following letter was sent :—

[Copy.]

COUNCIL OF FOREIGN BONDHOLDERS,
17, Moorgate Street, E.C.,
23rd January, 1894.

To Monsieur A. ROMANOS, Chargé d'Affaires
of His Hellenic Majesty's Government.

SIR,

I have the honour to acknowledge the receipt of your letter of the 22nd instant, and to state that I have brought it under the consideration of the Committee of Greek Bondholders.

The Committee note with satisfaction that the Greek Government now admit and recognise that no Obligation or Security for any of the Greek Loans can be permanently modified, except by agreement with the Bondholders.

On that basis, the London Committee would, if the French and German Committees concur, be prepared to treat for a temporary modification of the Interest to be paid by Greece.

We will, therefore, communicate with the Foreign Committees and write again on receipt of their replies.

I have the honour to be, Sir,
Your most obedient humble Servant,
(Signed) JOHN LUBBOCK,
*Chairman of the Council of Foreign Bondholders, and
of the Committee of Greek Bondholders.*

Meanwhile the Committee were in active communication with the Committees of Paris and Berlin, and a plenary

Conference of delegates, in accordance with previous arrangement, met in Paris early in February.

At that Conference England was represented by the Chairman of the Council of Foreign Bondholders, on behalf of the English Bondholders' Committee, and Mr. E. A. Hambro, of Messrs. C. I. Hambro & Co., the Agents for the service of the Debt, who very willingly consented to give the Committee the benefit of their services. As a result of that Conference the following joint letter was addressed to M. Tricoupi :—

[*Translation.*]

PARIS,

5th February, 1894.

To the President of the Council, Athens.

SIR,

By a declaration made to the Chamber on the 13th December, 1893, adopted by the Law of 10/22 December, 1893, the Hellenic Government has suspended the stipulated service of the Debt of the Kingdom of Greece, and, at the same time, the operation of the Guarantees and the collection of the Securities.

Committees have been formed in Germany, England, and France, to protest in the name of the Bondholders against these measures, adopted contrary to the engagements of the State, in violation of the rights of the Bondholders and without their assent.

The representatives of the three Committees held at Paris, on the 3rd February, 1894, a plenary Conference, to determine a common course of action, and to take such resolutions as were called for by the circumstances.

At this Conference, the Rt. Hon. Sir John Lubbock, Baronet, Chairman of the Council of Foreign Bondholders of London, communicated the correspondence exchanged on the 22nd and 23rd January, 1894, between himself and M. Romanos, Greek Chargé d'Affaires at London.

In the letter which, following the instructions of his Government, M. Romanos addressed to the Rt. Hon. Sir John Lubbock on the 22nd of January, it is stated that "the Government thoroughly recognise the obligations undertaken by Greece, they have acted under imperious and immediate necessity, and are convinced they can satisfy the Bondholders that it is impossible for them to carry on the government of the country and meet their engagements in full ; but whatever may be the provisional measures imposed on the Government by the imperious necessities of the situation, the Government consider that no obligations or securities can undergo any modification of a permanent character, except by agreement with the Bondholders."

In these circumstances the General Conference of the Committees, while renewing the protests already formulated, and taking note of the declaration addressed to the London Committee on the 22nd of January, consider that it is important to enquire of the Hellenic Government in what manner it intends to recognise the obligations towards its Creditors which it has contracted, and how the result of the proposals which may be submitted to them is to be secured from fresh vicissitudes in the future.

Once assured on these two questions, and convinced that Greece will make it a point of honour to fulfil, to the extreme limit of its ability, the engagements towards its creditors, solemnly contracted by the country, the assembled Committees are ready to examine the situation, to open negotiations in view of an arrangement of the Debt, and to consider the measures necessary to improve the Hellenic finances.

The assembled Committees in any case subordinate these negotiations to the condition that any sacrifices, the necessity of consenting to which the Bondholders may have to recognise, shall possess a temporary character only, and shall be lessened *pari passu* with any amelioration of the financial situation.

The Committees are also of opinion that the administration of the Revenues assigned to the service of the Debt should be reorganised in such a way as to give the Bondholders complete security.

If the Government of His Majesty accepts these general views, the Chairman, with the authority of the Committees, will appoint

delegates to formulate an Arrangement to be submitted to the Bondholders.

We beg your Excellency to kindly address your reply to the Rt. Hon. Sir John Lubbock, Bart., Chairman of the Council of Foreign Bondholders at London.

We are, Sir, with respect,

Your Excellency's obedient, humble Servants,

(Signed) JOHN LUBBOCK,
*Chairman of the Council of Foreign Bondholders,
and of the Greek Bondholders' Committee.*

GEORG. FROMBERG,
*Vice-President of the German Committee of Greek
Bondholders.*

J. VALFREY,
President of the French Committee of Greek Bondholders.

To this letter M. Tricoupi replied as follows :—

[*Translation.*]

ATHENS, 12/24 February, 1894.

To the Rt. Hon. Sir JOHN LUBBOCK, Bart., M.P., Chairman of the Council of Foreign Bondholders and of the Greek Bondholders' Committee.

Monsieur GEORG. FROMBERG, President of the German Committee of Greek Bondholders.

Monsieur J. VALFREY, President of the French Committee of Greek Bondholders.

GENTLEMEN,

In the capacity of Chairmen of the Committees of Greek Bondholders in England, France, and Germany, you have been pleased to address to me a communication under date of 5th February, informing me of the Resolutions adopted at a plenary Conference of the Representatives of those Committees held in Paris on the 3rd February, 1894.

Without entering for the present into an examination of the

different points raised in that communication, I think it my duty at once to give a reply to the preliminary question which the General Meeting of the Committee thought it right to address to the Hellenic Government, that is to say, in what manner does the Hellenic Government propose to recognise the Obligations contracted towards its creditors, and how the result of its proposals should, in the future, be protected from further vicissitudes.

You are not unaware, Gentlemen, that the tenour of the Law of the 10/22 December, 1893, and the Declaration made in the Chamber on the 1/13 December, 1893, to which you allude, have affirmed the essentially provisional character of the suspension of the integral service of the Debt, as well as of the Guarantees assigned to that service. It is only by agreement between the Government and the Holders of Greek Bonds that modifications can be introduced into the contracted obligations, the validity of which is beyond all dispute, and which Greece, less than any one, would desire to call in question.

Agreements of this nature cannot rest on any other basis than that of the fulfilment by Greece of all its obligations to the full extent of the resources that its forces, taxed to this end to their utmost limit, can furnish at the present time or promise in the future.

To undertake less, Greece would never think of; to undertake more would be to court a second catastrophe still more disastrous than the first for Greece and its creditors.

It concerns therefore the country and its creditors to take exact account of the extreme limits of possibility, and to take those limits as the basis of their Agreements. The Committees may count on the willing assistance of the Government in the investigations they may think fit to make in order to satisfy themselves on this point.

As regards the Guarantees, they are suspended solely by a *force majeure*, which does not admit of the integral performance of the obligations relating to the service of the Loans; their operation in full will be resumed so soon as that *force majeure* shall have ceased to exist.

Moreover, should the Committees demand the substitution of fresh Guarantees for those provided by the Conventions, the Government would not refuse to consider the question, and would be ready to agree to those which appeared the most appropriate; it being well understood, however, that any Guarantees that might appear accept-

able should not imply a control in the administration of the country or in the management of its finances, nor interfere in any other manner with its sovereignty or independence.

Accept, Gentlemen, the assurance of my most distinguished consideration.

(Signed) CH. TRICOUPI.

The Committees are now deliberating together as to the subsequent steps to be taken. Bearing in mind the grievous losses already suffered by the Bondholders, they are naturally anxious to bring about an early settlement, but in the interests of the Bondholders themselves, they consider it essential, before concluding an Arrangement, or even before entering into the negotiation of one, that the Government should give such assurances and securities as shall place the Debt on a safer basis than hitherto.

SYSTEM OF ACCOUNTS.

The system adopted in Greece for keeping the Accounts gives a term of twenty-two months, viz., from 1st January to the 31st October twelvemonth, for the exercise of the Budget. This renders it impossible to obtain the definite results of any year until ten months after its expiry and even then the figures are subject to alterations, as the books remain open for a further period of five years. It is difficult to see what advantage can be gained by such delay in closing the Accounts.

In the following extracts from Major Law's Report the Tables have been incorporated with the text for more ready reference, and in some cases re-arranged, while portions have been abridged. Major Law writes :—

REVENUE RECEIPTS.

The following Table shows the Ordinary and Extraordinary Receipts of Revenue from 1882 to 1886 :—

REVENUE RECEIPTS FOR THE FINANCIAL YEARS 1882-86.

Classification.	1882.	1883.	1884.	1885.	1886.
	Drachmæ.	Drachmæ.	Drachmæ.	Drachmæ.	Drachmæ.
Ploughing Animals ..	7,842,756	7,004,915	8,401,452	6,823,086	7,960,411
Oil					
Wines					
Currants, Tax on Export ..					
Real Property					
Tobacco	2,421,794	2,662,548	3,007,459	2,528,262	2,185,105
Sundries					
Tax on Cattle					
License Tax on Trades and Professions	1,021,657	1,279,763	1,367,706	1,325,738	1,271,597
House Tax	679,631	936,203	451,258	546,505	668,351
Tax on Nett Profits of Joint Stock Companies and Mines	298,092	304,342	292,636	233,866	319,254
Customs Duties on Imports ..	20,124,386	21,019,536	19,464,242	15,887,120	18,777,213
Ionian Islands, Export Duties on Agricultural Produce ..	1,572,037	2,022,175	1,220,086	1,688,282	1,761,260
Excise on—					
Tobacco .. .. .	..	..	3,023,588	2,821,841	1,992,906
Spirits .. .. .	..	..	702,607	416,385	438,914
Wine .. .. .	..	2,064,965	787,209	398,835	826,231
Cigarette Paper .. .. .	..	..	821,814	705,512	499,729
Stamps	6,231,107	5,814,406	6,284,710	6,314,475	7,367,152
Consular Fees	265,560	566,870	515,355	543,261	582,380
Post	748,484	905,427	933,033	1,014,008	1,058,684
Telegraphs	844,530	962,203	1,009,194	1,132,291	1,268,195
International Telegraphs ..	..	..	..	..	..
Fines and Sundries	589,792	599,326	846,711	811,930	708,367
Playing Cards	84,576	63,824	52,674	198,018	252,547
Matches .. .. .	..	..	..	276,958	566,243
Petroleum .. .. .	..	..	..	2,975,320	3,873,130
Salt	1,231,767	1,047,985	1,053,299	1,340,654	1,020,378
Royalties on Mines, Public Establishments, etc. ..	2,123,578	694,487	574,478	531,473	564,399
Forests	868,790	1,028,051	1,084,434	1,182,329	930,734
Fisheries	255,885	279,987	503,501	504,106	494,729
Sale of Sundry State Property ..	2,584,106	2,818,043	2,742,588	1,620,180	1,808,073
Repayment of Advances ..	2,349,453	2,218,222	1,488,134	3,392,734	1,146,512
Pension Fund (Retention from Salaries)	996,447	1,044,422	343,854	1,127,214	321,452
Miscellaneous (chiefly matters of account) .. .. .	..	..	..	..	..
Occasional and Sundries ..	3,091,619	1,056,484	1,534,148	2,431,360	2,611,759
Payments on Account of former Financial Years ..	1,647,203	2,143,261	2,238,487	2,338,385	1,827,837
Total	58,873,144	58,537,465	60,744,607	61,110,128	63,103,542
*Extraordinary	17,965,360	3,790,230	46,677,810	316,901	32,464,426

* See Table on page 94.

REVENUE RECEIPTS.—*Continued.*

Year.	Description.	Loans.	Receipts.
		Drachmæ.	Drachmæ.
1882	The Extraordinary Receipts consisted of		
	—from Loan of	120,000,000	17,965,360
1883	The Extraordinary Receipts consisted of		
	—from Loan of	"	3,790,230
1884	The Extraordinary Receipts consisted of		
	—from Loan of	170,000,000	2,809
		9,000,000	37,675,001
			9,000,000
	The Extraordinary Receipts consisted of		
1885	—from Loan of	30,000,000	376,901
	The Extraordinary Receipts consisted of		
	—from Loan of	"	2,381,922
1886 .. }	The Extraordinary Receipts consisted of	170,000,000	12,082,500
	—from Forced Currency Loan ..	..	18,000,004

It will be observed that the ordinary Revenue was very fairly and steadily progressive, and, indeed, the results shown would be highly satisfactory, if there had been no important increase of taxation during the period. Taking, however, into account the increase during the period by new taxes, which produced over 8,000,000 dr., the Ordinary Revenue of 1886 shows, as compared with that of 1882, a falling-off of approximately 3,770,000 dr. This would be a very serious and unfortunate result could it not be accounted for by the circumstance that, during the years 1885 and 1886, the country was completely disorganised by the mobilisation of the army, and by events on the Turkish frontier.

The Extraordinary Receipts derived from various Loans raised during this period can best be considered in connection with the Expenditure for which they provided.

The following Table shows the comparative actual Revenue Receipts for the financial years 1887 to 1892, with the estimates for 1893:—

REVENUE RECEIPTS, 1887-92, AND ESTIMATES FOR 1893

Description.	Amounts Actually Collected.						Estimate
	1887.	1888.	1889.	1890.	1891.	1892.	
DIRECT TAXES.							
Ploughing Animals (representing Land Tax)	Drachmæ.	Drachmæ.	Drachmæ.	Drachmæ.	Drachmæ.	Drachmæ.	Drachmæ.
Oil	2,259,000	2,357,340	2,135,242	1,560,215	1,699,326	2,168,543	2,116,800
Wine	693,609	1,025,262	1,110,940	1,117,150	1,058,324	969,136	1,097,700
Currents, Tax on Export (representing Land Tax) ..	2,027,180	1,990,369	1,688,582	1,220,878	1,859,808	1,899,171	2,122,000
Ionian Islands. Export Duties on Agricultural Produce	4,138,180	4,965,583	5,245,629	4,630,400	4,862,418	4,054,386	3,826,300
Tax on Cattle	2,519,836	1,979,277	2,555,043	1,807,693	4,089,974	1,955,478	2,087,000
License Tax on Trades and Professions	2,716,866	2,811,057	2,498,233	2,342,288	2,118,143	2,232,686	2,397,000
House Tax	1,631,432	1,796,701	1,865,476	1,600,250	1,600,250	2,330,215	2,152,000
Tax on nett profits of Joint Stock Companies and Mines	1,968,827	1,980,528	1,060,684	1,645,985	2,090,398	2,225,635	2,121,000
Sundries	322,681	385,742	417,258	485,472	459,221	298,741	367,400
	1,020,151	1,097,500	803,616	511,236	500,160	745,221	577,000
DUTIES AND EXCISE ON ARTICLES OF CONSUMPTION.							
Customs Duties on Imports	26,988,100	25,708,676	23,883,100	24,402,077	25,061,846	26,758,170	28,200,000
Excise on Tobacco	2,127,948	4,600,690	4,556,233	4,392,406	3,668,304	4,295,446	5,500,000
Excise on Spirits	449,979	669,860	444,397	233,758	268,373	222,371	410,000
Excise on Wine.. ..	..	..	..	..	..	..	345,000
STAMPS AND DUES.							
Stamps	8,475,237	9,302,126	9,738,257	9,601,935	9,911,553	11,110,931	12,550,000
Consular Fees	504,310	552,959	534,609	513,118	550,511	503,626	529,000
Post	1,048,552	1,194,691	1,348,949	1,387,718	1,447,811	1,549,176	1,609,400
Telegraphs	1,155,321	1,213,700	1,356,673	1,366,676	1,364,186	1,401,804	1,440,800
Exemption from Military Service .. ..	..	..	..	..	..	1,832,960	..
Fines and Sundries	2,202,102	2,699,264	2,122,045	2,388,190	2,237,163	2,027,350	3,721,400
MONOPOLIES.							
Cigarette Paper	1,205,665	2,148,472	2,132,333	1,711,063	1,454,604	1,681,630	2,232,000
Playing Cards	222,997	261,486	302,605	324,103	357,533	326,145	325,000
Matches	562,521	659,550	727,722	800,725	858,596	931,384	950,000
Petroleum	2,695,366	3,072,044	4,157,842	4,407,169	4,749,979	5,344,115	5,650,000
Salt	1,928,293	1,990,082	2,238,097	2,168,502	2,268,239	2,503,970	2,500,000
Carried forward.. ..	69,864,155	75,413,323	72,924,955	70,199,242	75,523,860	79,567,780	84,819,800

REVENUE RECEIPTS, 1887-92, AND ESTIMATES FOR 1893.—Continued.

Description.	Amounts Actually Collected.						Estimate.
	1887.	1888.	1889.	1890.	1891.	1892.	
Brought forward	Drachmæ. 69,864,155	Drachmæ. 75,413,323	Drachmæ. 77,924,955	Drachmæ. 70,199,242	Drachmæ. 75,523,866	Drachmæ. 79,597,760	Drachmæ. 84,819,800
REVENUE FROM STATE PROPERTY.							
Real Property	464,489	453,968	394,451	372,321	426,975	447,248	421,000
Royalties on Mines, Public Establishments, etc.	687,065	598,417	1,157,556	421,560	639,515	853,742	1,078,500
Forests	1,008,021	1,090,134	1,244,147	1,211,285	1,439,799	1,681,298	1,483,000
Fisheries	494,589	499,610	461,378	467,089	471,948	460,260	465,000
Sale of Sundry State Property	1,799,330	1,638,970	1,821,141	1,316,544	1,269,162	1,249,516	1,470,000
SUNDRY REPAYMENTS AND DEDUCTIONS FROM BUDGETARY EXPENDITURE.							
Repayment of Advances	57,321	84,081	61,148	118,731	73,294	183,385	85,000
Pension Fund (retention from Salaries)	1,085,144	1,019,164	866,744	931,806	853,016	883,400	993,000
Miscellaneous (chiefly matters of account)	72,804	3,088,587	124,240	138,959	136,562	85,737	503,000
SUNDRY RECEIPTS AND ARREARS.							
Occasional and Sundries	3,423,190	2,003,688	561,003	1,380,460	4,374,095	3,678,576	874,000
Payments on account of former financial years	3,360,669	3,145,762	3,237,755	2,567,929	4,080,056	3,633,764	4,000,000
Lighthouse Dues*	242,598	440,282	417,393	428,419	437,487	451,776	800,000
Communal Contributions in aid of Primary Education .. .. .	..	..	..	..	..	1,956,782	2,500,000
Communal Contributions for Police Service .. .. .	..	..	..	..	..	..	1,020,000
Total	82,558,375	89,445,986	83,269,911	79,548,045	89,725,769	94,882,884	101,164,300
Extraordinary Receipts.. .. .	93,360,420	4,119,822	99,303,373	43,224,920	12,900,000	1,280,000	1,000,000

* In 1893, Anchorage Dues, formerly shown under the heading of Fines and Sundries, are included with Lighthouse Dues.

† Excise on Wine is a new tax in 1893.

Although during this period many changes and considerable increases were made in taxation, nevertheless the principal taxes having continued to be derived from the same sources, and the general system of accounting having been fairly maintained, it is from the consideration of this period that the most reliable opinion can be formed as regards the returns of Revenue likely to be realised during the next few years.

The Receipts in the year 1887 were doubtless somewhat under the influence of the perturbations of the two previous years; but from that year forward the results obtained may be considered as having been arrived at under normal circumstances.

The grand totals shown contain, under the last headings, items which are affected by methods of accounting, and by circumstances entirely independent of economic prosperity. If the totals of such Receipts to be found under the headings "Sundry Repayments and Deductions from Budgetary Expenditure," and "Sundry Receipts and Arrears," be deducted, the following approximate results are obtained:—

RECEIPTS.							
Year.	Millions of Drachmæ.			Year.	Millions of Drachmæ.		
1887	74·56	1890 ...	...	...	74·42
1888	80·1	1891 ...	...	...	80·21
1889	78·42	1892 ...	...	...	82·67

These figures afford a fair basis on which to form an opinion as to general progress. The falling-off in 1889 and 1890 requires some special explanation. In 1889 the loss of 1,500,000 dr. is to be found in the Customs Receipts, which were some 2,000,000 dr. less than in the previous year. In 1890 the great falling-off is in the collection of direct taxes, and in the result of sales of State property. Direct taxes yielded some 3,000,000 dr. less than in 1889, owing to the late assessment of the License Tax, which prevented due collection in the towns of Athens, Patras, and Syra, and to the reduction in the rates of taxation on ploughing animals, wine and cattle. The loss under these heads is estimated at over 2,500,000 dr., and the sales of State property produced 500,000 dr. less than in the previous year. The political opponents of the party, at that time in power, further account for the diminution of Revenue by charging the then Government with slackness in administration.

The general results for the whole period are fairly satisfactory, and the indications of apparent instability shown by the indifferent returns of 1890 lose their special significance when examined with the light of the explanations offered.

The economic condition of the country can be studied in closer detail and perhaps to greater advantage in the following Table, where the nett Receipts from different important classes of Revenue are given from 1885 to 1892.

NETT REVENUE RETURNS FROM MORE IMPORTANT ECONOMIC SOURCES, 1885-92

	1885.	1886.	1887.	1888.	1889.	1890.	1891.	1892.	Total.	Average.
<i>Direct Taxes—</i>										
Ploughing Animals	Drachmæ.	Drachmæ.	Drachmæ.	Drachmæ.	Drachmæ.	Drachmæ.	Drachmæ.	Drachmæ.	Drachmæ.	Drachmæ.
Oil	2,015,500	1,880,500	2,258,300	2,357,300	2,135,300	1,560,000	1,699,300	2,168,543	16,083,643	2,010,455
Wine	500,000	1,300,000	603,600	1,095,300	1,110,900	1,117,000	1,038,300	969,136	7,993,936	990,492
Currents ..	398,800	806,300	2,097,700	1,095,300	1,688,500	1,320,000	1,859,800	1,809,171	11,910,471	1,488,809
Ionian Islands	4,688,200	4,116,600	4,138,200	4,665,500	5,245,600	4,639,000	4,882,400	4,054,386	36,089,886	4,511,236
Cattle Tax ..	2,688,200	1,761,200	2,176,100	2,811,200	2,555,000	1,808,000	4,089,900	1,955,478	17,769,078	2,221,134
Cattle Tax ..	2,528,200	2,185,100	2,176,800	2,811,200	2,448,000	2,343,000	2,118,100	2,232,086	19,462,286	2,322,784
House Tax ..	84,481	84,778	152,252	362,576	218,817	1,117,223	3,216,559	2,225,635	15,483,701	1,935,462
License Tax ..	1,593,291	1,606,418	1,777,818	2,446,394	2,176,482	1,672,797	2,134,559	2,330,215	15,129,974	1,891,947
Total Gross Receipts	13,486,972	14,628,793	16,595,170	23,766,870	19,803,499	15,768,020	21,039,001	17,834,650	139,852,975	17,481,622
*Less: Expenses of										
Collection, etc. ..	864,723	901,877	1,169,484	1,220,299	1,113,979	986,887	1,322,788	1,085,000	8,665,028	1,083,128
Nett Revenue from										
Direct Taxes	12,622,249	13,726,916	15,355,686	19,546,580	18,689,520	14,781,133	19,716,213	16,749,650	131,187,947	16,398,494
Post & Telegraph										
Gross Income ..	2,595,175	2,850,531	2,553,715	2,735,541	2,958,890	3,030,975	3,198,220	2,951,070	22,893,216	2,850,402
Post & Telegraph										
*Nett Income ..	210,758	212,810	253,645	384,101	514,570	561,310	393,636	534,000	3,064,830	383,103
<i>Indirect Taxes—</i>										
Customs Duties ..	14,641,800	18,129,100	25,923,500	24,837,200	22,757,700	23,198,800	24,700,800	26,758,170	180,946,670	22,618,133
Stamp Duties ..	5,823,600	6,759,200	7,459,000	8,102,400	8,537,700	8,570,200	8,651,000	11,110,931	64,740,031	8,092,504
Tobacco	2,131,300	1,922,900	1,766,000	3,794,800	3,799,900	3,151,300	3,163,500	4,295,446	24,408,746	3,062,343
Cigarette Paper ..	553,400	471,100	1,012,100	1,702,800	1,741,800	1,971,400	1,057,400	1,681,630	9,456,630	1,187,078
Playing Cards ..	9,219	124,400	17,700	174,400	1,741,800	181,800	216,200	1,326,145	1,391,926	173,090
Petroleum	1,491,900	2,523,600	2,836,800	2,681,300	2,251,100	2,729,700	2,940,700	5,344,115	22,315,315	2,789,414
Matches	72,800	496,300	373,800	301,000	345,300	319,400	645,800	931,384	3,045,784	403,223
Salt	1,111,300	426,100	1,163,800	1,097,000	1,269,400	1,144,300	1,241,900	2,593,970	9,931,770	1,243,971
Nett Revenue Indi-										
rect Taxes	25,816,881	30,846,700	40,628,600	42,150,500	41,037,900	41,237,600	42,617,300	52,951,781	317,286,872	39,660,856
Forests	1,076,300	814,400	892,500	981,500	1,134,600	1,106,500	1,329,500	1,681,298	9,028,598	1,128,574
Mines	184,876	128,029	140,254	192,862	218,284	334,200	258,175	853,742	2,250,422	281,302
Grand Total ..	39,853,064	45,728,855	57,270,685	63,255,543	61,594,874	58,020,743	64,324,824	72,770,471	462,818,669	57,852,333

* Estimated.

In examining the above figures, the impression is conveyed that the considerable increase in taxation under certain heads in 1887 and 1888 was rather too sudden, and that after the first effort it weighed unduly on the country, which took some two or three years to recover after feeling its full effect. This impression is confirmed by an examination of the following Table, where a few important sources of Revenue have been taken, and the proportional effect of increased taxation tabulated. It would not, however, appear that the taxation had been universally too high, as the Table on page 98 shows a very steady and satisfactory increase in many of its columns, and particularly in the totals of nett receipts from indirect taxes.

EFFECTS OF CHANGES IN RATES OF TAXATION.

Description.	Difference in Rate per Cent. of Impost, 1888 and 1892.	Receipts.		Due in 1892 at New Rate.	Difference.
		1888.	1892.		
	Per cent.	Drachmæ.	Drachmæ.	Drachmæ.	Drachmæ.
Customs ...	+ 10·27	25,708,676	26,753,648	28,348,957	— 1,595,309
Tobacco ...	+ 30	4,600,690	4,294,275	5,980,897	— 686,622
Petroleum...	+ 8·19	3,972,044	5,372,166	4,297,354	+ 1,074,812
Sugar ...	+ 6·66	4,465,926	4,713,300	4,763,356	— 50,056
Currants ...	...	4,965,583	4,282,000	4,965,583	— 683,583
Ionian Islands	...	1,979,277	1,780,000	1,979,277	— 199,277
Ploughing	...	...	...	...	...
Animals...	— 4·175	2,357,340	2,016,000	2,258,921	— 242,921

In any case, it is certain that even if taxation has not been in all cases, and at all times, imposed in the most judicious manner, the country as a whole is even now not heavily taxed. This fact is sufficiently established by the results shown in the Table on page 100, where the incidence of taxation is found to have been £1. 4s. per head in 1887, is £1. 6s. 6d. for 1892, and is estimated at £1. 10s. 1d. for 1893. In Italy, with which some comparison may be fairly instituted, the incidence of taxation per head, calculated on a similar system, would appear to be roughly 50 lira, or say £2, whilst in the United Kingdom it was already in 1885 calculated at £2. 1s. 1d., without including local taxation, which, with us, is exceptionally heavy.

Major Law then passes on to consider the Estimates for 1892, the correctness of which could not be ascertained owing to the peculiar system of accounts. He enters at length into the reasons which governed him in framing them. He says they exceeded, so far as was known, his anticipations by 989,226 dr., of which probably some 500,000 dr. was due to hurried importations made to forestall higher duties. This he says is highly satisfactory.

The comparison of 1892 with the previous year, in spite of a falling-off of about 1,250,000 dr. in the first six months, shows a nett increase of 3,108,760 dr. This on a large portion of the Revenue shows an advantage of upwards of 6 per cent. on the official Estimate. The friends of the Government attribute this increase to more careful administration.

With regard to the Estimates for 1893, Major Law says:—

That his estimated total falls short of the official calculation by about 9,170,000 dr. This is due, he explains, to the latter being based on assessments rather than on returns, and on not taking into account the probable loss by arrears. The Minister of Finance estimates the latter at about 6,000,000 dr., which reduces the difference to about 3,170,000 dr.

This question of arrears on assessment in collection of Revenue is a very serious one. The average loss by arrears affecting ordinary Revenue for the last ten years may be taken at about 6,250,000 dr. The average for the last five years is, however, over 7,300,000 dr., and he thinks that, particularly with the introduction of new and increased taxation, it is prudent to allow this figure to stand in estimating for 1893. Making, then, allowance to this extent for arrears in the current year, the real excess of the official over the independent Estimate, would be reduced to something under 2,000,000 dr.

EXPENDITURE.

In the following Table will be found the actual Expenditure for the years 1882 to 1886 inclusive, and in the Table on page 103 the actual Expenditure for the years 1887 to 1892, and the official Estimate of Expenditure for the year 1893.

EXPENDITURE, 1882 TO 1886.

Classification.	1882.	1883.	1884.	1885.	1886.
	Drachmæ.	Drachmæ.	Drachmæ.	Drachmæ.	Drachmæ.
Public Debt	20,252,753	20,641,405	25,211,014	30,735,674	35,485,954
Allowances and Pensions ..	3,400,660	3,472,224	3,539,091	3,744,635	4,007,095
Civil List (Royal Family) ..	1,004,464	1,012,500	1,012,500	1,012,500	1,012,500
Legislative Body	554,871	565,643	553,405	907,028	680,958
Department of Foreign Affairs ..	1,548,335	2,041,172	2,297,100	2,110,039	2,113,307
" Justice	3,090,222	3,372,079	3,596,194	3,624,376	3,511,117
" Interior—					
(1.) General Administration ..	2,706,201	3,329,067	3,163,626	3,109,805	3,019,231
(2.) Minor Public Works ..	541,050	630,894	440,595	311,959	446,279
(3.) Posts and Telegraphs ..	1,864,848	2,193,368	2,374,805	2,492,708	2,620,105
(4.) Road-making	3,862,122	5,495,285	9,723,201	8,086,880	4,935,107
(5.) Sundries	1,122,279	758,429	1,262,328	1,413,487	1,364,437
Department of Ecclesiastical Affairs and Public Instruction ..	2,543,766	2,867,754	3,351,252	2,914,308	2,983,864
Department of War	13,646,345	1,534,913	22,503,029	40,954,188	51,213,852
" Marine—					
(1.) General Expenses	3,733,700	3,356,054	5,731,429	14,118,292	6,591,601
(2.) Lighthouse Maintenance ..	68,750	71,322	105,483	104,951	149,712
Department of Finance—					
Administration and Collection,					
Public Revenue	4,118,130	4,582,987	8,206,125	7,542,779	6,767,622
Sundry Payments	686,959	469,768	656,169	356,141	504,424
Total	64,745,455	70,201,874	94,117,346	123,545,750	127,407,225
SPECIAL EXPENDITURE.					
Department of Interior—					
(a.) Railway Construction .. .. .	..	..	..	4,131,999	3,751,193
(b.) Compensation for Expropriated Lands .. .. .	..	88,581	944,900	..	137,305
(c.) Interest on Loans for Uncompleted Lines .. .. .	..	..	..	..	..
(d.) Sundry Expenses for Construction .. .. .	..	..	..	..	..
Department of Marine—					
Purchase of Ironclads, etc. ..	225,994	..	2,115,823	..	..
Grand Total	64,971,449	70,290,445	97,178,069	127,677,749	131,295,723

Major Law says:—

I have adopted a classification of my own, with the object of presenting the figures in as simple and compact a form as may be, and of separating, as far as possible, special or extraordinary Expenditure from ordinary Expenditure. I have classed as special Expenditure, outlay of such nature as may, I believe, be fully kept under control, and except, as far as obligations under contract already exist, may even be temporarily abandoned. The ordinary Expenditure is such that, though by care and watchfulness, economies may be effected in detail, the actual heads of Expenditure are necessarily permanent, and cannot be suppressed without grave injury to the administration of the State. My object is to arrive at an approximate figure for obligatory normal Expenditure, but although I think it is possible to fix such a figure with sufficient accuracy to serve as a guide for practical purposes, I must point out that there are considerable difficulties in controlling the amounts inscribed in past years under the heads of "Public Debt" and "Ministry of Finance," owing apparently to an unfortunate absence of permanence of system in the official manner of dealing with Expenditure thus classed.

Dealing with the totals for ordinary Expenditure in the foregoing Tables, it is clear that, for the purpose of estimating a normal figure for the future, the service of the Public Debt must be excluded, as this is each year a fixed amount, independent of requirements in previous years. The sums put down to road-making must also be specially dealt with, as, though it is necessary to maintain existing roads, and perhaps to undertake some further construction, it is unnecessary for the present to spend such large sums as have been laid out in some former years. In the Ministry of Finance the large, and varying, sums must be deducted, which at different dates have been paid to close the accounts of earlier financial years.

Following this system I obtain the results shown in the annexed Table. I have not included in this Table calculations made on the same basis for the years 1882 to 1886, as, owing to the extraordinary Expenditure incurred in the Ministries of War and Marine, and the general disorganisation of the finances, in connection with the mobilisation of the army, and political movement in 1885 and 1886, it is difficult to arrive at any satisfactory conclusions from the study of a period including these years. It will suffice to state that, before the untoward influences mentioned, the Expenditure under the heads tabulated was for 1882 approximately 40,500,000 dr., and for 1883 approximately 44,000,000 dr.

CALCULATION OF FIXED CHARGES.

Classification.	1887.	1888.	1889.	1890.	1891.
	Drachmæ.	Drachmæ.	Drachmæ.	Drachmæ.	Drachmæ.
Public Debt	29,949,484	36,005,844	29,816,893	35,805,923	36,856,516
Road Construction ..	5,767,442	5,186,537	5,728,632	6,199,119	6,403,975
Payments on account of former years ..	206,269	3,641,108	879,080	1,493,174	1,644,700
Payments on account of Floating Debt ..	..	..	1,700,000	..	..
Varying amounts ..	35,923,195	44,833,489	38,124,665	43,498,216	44,905,191
Total annual expendi- ture	84,825,921	97,397,358	94,915,123	100,748,373	100,158,899
Balance, fixed charges	48,902,726	52,563,869	56,790,458	57,250,157	55,253,708

To arrive at a fair general estimate of Expenditure for 1893, I take from the Tables on pp. 95 and 96 the average Expenditure for the years 1889, 1890, and 1891 (of which years the accounts are closed), plus the amounts estimated in 1893 for the service of the National Debt, for road-making, for payments relating to accounts of previous years, and for the new charges corresponding with the new communal contributions for primary education and police.

The Estimate for 1893, then, stands as follows :—

Description.	Amount.
	Drachmæ.
Average Expenditure, 1889, 1890, and 1891	56,450,000
Service of the National Debt	35,438,286
Road-making (Official Estimate)	1,550,000
Payments for account previous years (Official Estimate)	452,887
Education (new additional charge)	3,820,000
Police (new additional charge)	1,735,000
Total	99,446,173

According, therefore, to a calculation based on previous years, and without allowing for any economy during the current year, the Expenditure would amount to, approximately, 99,350,000 dr. Certain

A peculiar feature of Greek finance is the number of supplementary credits required. These are generally balanced by the amount of unexpended credits. Taking the years 1887-92, the average annual amount of the former was 6,028,286 dr., and of the latter 8,870,303 dr. Major Law proceeds :—

Under the system existing in Greece no credit can be transferred from one chapter of the Budget to another, and consequently the existence of unexpended credits, and the granting of extra budgetary credits, are, within certain limits, a necessity. If from the totals of these credits the items referring to Public Debt and the Ministry of War be deducted, the averages of the extra and of the unexpended credits for the years 1887 to 1891 will be found to be not widely different. The extra credits for the Ministry of War were last year reduced to the very modest sum of 105,000 dr., and as the Estimates for this department, for the current year, have been the subject of very special care, it may be hoped that there will this year be no unforeseen expenditure of sufficient amount to require notice. The service of the Public Debt, too, having been fully provided for in the Estimates,* there can be no unexpected demands on this account, and consequently the two departments specially named may be left out of consideration in estimating the influence of probable modifications of the Budget, and it may reasonably be anticipated that such supplementary credits as may be found necessary, will, when the accounts of the year are closed, be balanced by the amount of the unexpended credits.

PUBLIC DEBT.

The following Table gives a general statement of the Public Debt of Greece on January 1st, 1893, showing the outstanding Capital Debt to be 597,942,167 fr. and 151,696,184 dr.,† or, if the drachma be taken at par, 749,638,351 fr.‡ in total. Of this sum the Floating Debt, including the forced currency Loans, amounted to 100,120,051 dr. and 37,923,167 fr., and the actual issue of notes for Government account is 87,784,120 dr.

* No charge is estimated for a new Loan, and if a Loan is made the cost of service of the Public Debt will be directly increased.

† By the terms of the Convention for the Loan of 16,500,000 fr., the Government have the right, up to August next, of paying it off at par.

‡ Without including the Capital Debt on account of the Loan of the Three Powers, as the exact amount of this does not appear to be clearly defined.

STATEMENT OF GREEK PUBLIC DEBT—JANUARY 1ST, 1893.

Description of Liabilities.	Date of Issue.	Issue Price per Cent.	Original Nominal Capital.		Interest per Cent.	Sinking Fund per Cent.	Date of Final Ex-tinction of Debt.	Total Capital of Debt Outstanding.	
			Currency.	Gold.				Currency.	Gold.
(a) Loan of the Three Powers	1833	..	Drachmæ.	Drachmæ.	..	..	..	Drachmæ.	Drachmæ.
Debt to the Heirs of King Otho	1868	..	4,500,000	100,324,833	4	0'45	..	2,356,476	..
LOANS WITH SINKING FUND.									
(b) 1. Loan of 120,000,000 fr.	1881	74 ½	..	120,000,000	5	0'5	1921	..	105,220,000
(c) 2. Loan of 170,000,000 fr.	1884	69 3	..	100,000,000	5	0'8	1921	..	90,341,000
(d) 3. Patriotic Loan	1886	par	2,723,860	..	..	..	..	2,536,050	..
(e) 4. Loan of 135,000,000 fr.	1888	67 4	..	135,000,000	4	0'8	1962	..	133,225,000
(f) 5. Loan of 15,000,000 dr.	1888	66 ½	15,000,000	..	4	0'8	..	14,835,000	..
(g) 6. Piræus-Larissa Railway Loan	1890	89	..	45,000,000	5	..	1989	..	59,928,000
(h) 7. Piræus-Larissa Railway Loan	1890	86	..	15,000,000	..	..	..	..	..
(i) 7. Loan of 16,500,000 fr.	1892	66 ½	..	16,500,000	4	..	1917	..	16,305,000
LOANS WITH SINKING FUND ABOLISHED.									
(i) 8. Loan of 20,000,000 dr. (converted)	1875	81	26,000,000	..	6	0'5	1918	21,189,750	..
9. Loan of 10,000,000 dr. (converted)	1877	78 8	7,443,000	..	6	0'5	1920	1,758,856	..
(j) 10. Loan for Road-making	1882	par	7,857,145	..	6'75	1 0	..	8,900,000	..
(j) 11. Loan of 9,000,000 dr.	1881	par	9,000,000	..	7	..	..	..	..
CONSOLIDATED LOANS.									
12. Loan of £1,200,000	1889	68	..	30,000,000	4	..	..	..	30,000,000
13. Loan of £5,000,000	1889	72 ½	..	125,000,000	4	..	..	..	125,000,000
FLOATING DEBT.									
1. Exchequer Bills (dr. currency)	1864	..	12,335,931	..	5	..	..	12,335,931	..
2. Forced Currency, National Bank	1885	..	70,994,240	13,999,906	1	..	..	70,994,240	13,999,906
3. Forced Currency, Ionian Bank	1885	..	1,884,307	2,010,028	1	..	..	1,884,307	2,010,028
4. Forced Currency, Epirus-Thessalian Bank	1885	..	905,573	804,000	1	..	..	905,573	804,000
5. Small Notes, National Bank	1885	..	7,000,000	..	1	..	..	7,000,000	..
6. Small Notes, Ionian Bank	1885	..	3,500,000	..	1	..	..	3,500,000	..
7. Small Notes, Epirus-Thessalian Bank	1885	..	3,500,000	..	1	..	..	3,500,000	..
(k) 8. Provisional Loan, 5,815,000 fr.	1892	..	..	5,815,000	6	..	May, 1893	..	5,815,000
(k) 9. Provisional Loan, 700,000 fr.	1892	..	..	700,000	6	..	Jan., 1893	..	700,000
(k) 10. Provisional Loan, 703,733 fr.	1892	..	..	703,733	6	..	Nov., 1892	..	703,733
(k) 11. Provisional Loan, 2,041,620 ..	1892	..	..	1,015,500	6	..	Mar., 1893	..	1,015,500
(k) 12. Provisional Loan, 2,400,000 ..	1892	..	..	1,500,000	5	..	Mar., 1893	..	1,500,000
(k) 13. Provisional Loan, 2,400,000 ..	1892	..	..	1,000,000	5'75	..	Aug., 1893	..	1,000,000
(k) 14. Provisional Loan, 2,400,000 ..	1892	..	..	1,600,000	5'75	..	Aug., 1893	..	1,600,000
(k) 15. Provisional Loan, 2,350,000 fr.	1892	..	..	875,000	5'75	..	Aug., 1893	..	875,000
(l) 16. Provisional Loan, 7,300,000 fr.	1892	..	..	7,300,000	7	..	June, 1893	..	7,300,000
Total	..	..	182,644,056	724,816,000	..	..	..	151,696,184	597,942,167

**Notes as to Revenues Specially Assigned as Guarantees for the
Service of the Different Loans.**

- (a) One third of the Customs receipts at Syra.
- (b) 1. Tax on consumption of tobacco. 2. The annual receipts from the sale of National lands and plantations. 3. Surplus Customs receipts at Athens, Piræus, Patras, and Zante, after providing for payments on account of the Loan of 26,000,000 drachmæ, now funded without guarantee.
- (c) 1. Surplus Customs receipts at Athens, Piræus, Patras, Syra, Catacolæ, Calamata, Cephalonia, Zante, and Corfu, after providing for payments on account of the Loans of 26,000,000 drachmæ (now funded without guarantee), and for the Loan of 120,000,000 fr. 2. Surplus receipts from stamp dues, and from sale of National lands, etc., and the tax on tobacco consumption, after providing for the Loan of 60,000,000 drachmæ, now paid off, and for the Loan of 120,000,000 fr. 3. Customs receipts at Volo, Tragesi and Arta.
- (d) No guarantee, no interest being paid, though the Loan is being gradually paid off by annual drawings.
- (e) Receipts from monopolies, viz.: salt, petroleum, playing cards, matches, cigarette paper and emery.
- (f) One-third of Customs receipts at Syra.
- (g) Net receipts of the Railway, and a first charge on the entire line, with all branches and accessories during construction.
- (h) 1. The tax on nett revenue of Joint Stock Banks, Companies and Railways. 2. The tax on the nett revenue from the working of all mines, including that worked by the French Company. 3. The dues on the Coupons of all Joint Stock Banks, Companies, and Railways, and railway tickets. 4. The tax paid by the Greek Laurium Company on the working of their scorizæ and mines.
- (i) The Customs receipts of Catacolæ, Calamata, Cephalonia and Zante, and the surplus Customs receipts at Athens, Piræus and Patras, after providing for the Loan of 26,000,000 drachmæ, the balance of which has been now consolidated with interest at 5 per cent.
- (j) Without guarantee, balance consolidated with interest at 5½ per cent.
- (k) Bonds of the Piræus-Larissa Railway.
- (l) Bonds of the Piræus-Larissa Railway, in addition to 8,760,000 drachmæ deposited with the National Bank.

N.B.—The following Loans have been entirely paid off, viz. :—The 1863 Loan of 6,000,000 old drachmæ; the 1868 Loan of 25,000,000 new drachmæ; the 1872 Loan of 4,000,000 fr.; the 1879 Loan for the conversion of the Loans of 1824 and 1825; and the 1879 Loan of 60,000,000 fr.

*The Patriotic Loan bears no interest; it is being paid off by quarterly drawings.

The Table on page 113 shows an annual charge for Interest and Sinking Fund, amounting to 31,133,549 fr. and 3,778,060 dr., or taking the drachma at par, to 34,911,609 fr., and this was increased by January 1st, 1893, to 35,329,514 fr.

The Table on page 114 shows the comparison between Revenues assigned, and the amounts required to defray the Interest and Sinking Fund charges, which they guarantee. This Table seems to be particularly worthy of attention, as showing a surplus of assigned Revenues, considerably over 100 per cent. in excess of the payments guaranteed. It also shows apparently undesirable complications in the manner in which proportions of Revenue from the same sources are assigned to different Loans. The idea would suggest itself that, when general circumstances are favourable for such an operation, it would be both in the interest of the Greek Government, and of the Bondholders, to consolidate some of these liabilities and to amalgamate the guarantees.

The following Table shows the Treasury Balances for the last sixteen years :—

STATEMENT OF TREASURY BALANCES AT THE CLOSE OF
EACH FINANCIAL YEAR, 1876-91.

Year.			Deficits.	Surplus.
			Drachmæ.	Drachmæ.
1876	...	...	.....	9,500,362
1877	...	...	4,010,778	.....
1878	...	...	28,605,520	.....
1879	...	...	7,893,975	.....
1880	...	...	49,217,708	.....
1881	...	...	46,219,176	.....
1882	...	...	33,372,088	.....
1883	...	...	33,840,168	.....
1884	...	...	22,764,504	.....
1885	...	...	84,135,237	.....
1886	...	...	118,284,795	.....
1887	...	...	49,202,823	.....
1888	...	...	49,917,794	.....
1889	...	...	35,625,093	.....
1890	...	...	48,271,711	.....
1891	...	...	64,756,318	.....

NOTE.—The proceeds of Loans increasing the Permanent Debt are included in calculating the above figures, but not the Floating Debt, with which the deficit has been covered.

The Table on page 115 shows the amount of the issues of bank notes for forced circulation, which have from time to time been authorised by the Legislature. The total issue authorised, including small notes, is now 88,000,000 dr., and of this amount the Government had, up to the end of 1892, taken something over 85,500,000 dr.

The Table on page 116 shows the movement of the total note circulation and the comparative average annual rate of exchange for the last fifteen years.

An examination of the last-mentioned Table shows at once the strong and abnormal influence of speculation in regulating the rate of exchange. It will be observed, for instance, that with a circulation exceeding 88,000,000 dr. in 1884, the exchange was practically at par. In 1889, with a circulation increased by about 30 per cent., the

exchange had risen about 20 per cent. In 1891, with a circulation approximating 138,000,000 dr., the exchange was 1'29 $\frac{3}{4}$ dr., and an increase of only 6,500,000 dr. in 1892 brought the exchange up to 1'42 $\frac{3}{4}$ dr.; that is an increase of 4'7 per cent. in the circulation provoked a rise of 10 per cent. in the exchange.

The instability of the exchange is most prejudicial to the interests of the Government, but it is easily accounted for. The market is exceedingly limited, and the Government is entirely without the means of exercising the smallest control over it. The necessities of the Government to procure gold are always known and exaggerated, and half-a-dozen speculators are able to control rates arbitrarily, and to seize every trifling occasion to work the market to their own profit, and to the prejudice of the Government.

The conclusion to be derived from the foregoing considerations is unfortunately a negative one, namely, that it is impossible to fix a definite figure for the excess of the currency. Taking the amounts of the circulation in 1884 and 1885, when the drachma was for practical purposes sufficiently near its par value, it would seem that at that date the legitimate amount of the circulation was some 73,000,000 dr. to 80,000,000 dr., and on such an assumption, the present excess, which it is necessary to withdraw, might be fixed at some 70,000,000 dr. Account must, however, be taken of the necessity for an increase in the note circulation to correspond with the general development of business in the country during the last eight years. It is therefore perhaps reasonable to suppose that legitimate requirements would now justify a note issue of 80,000,000 dr. to 90,000,000 dr., and consequently that the withdrawal of notes to the amount of 60,000,000 dr. will suffice to restore equilibrium. In any case it is abundantly clear that no arbitrary figure should be fixed for the exact amount to be withdrawn, and that want of caution in retiring the excess circulation might easily provoke a commercial crisis. Further, it is evidently essential, by a re-organisation of the National Bank, or other means, to free the Government from the embarrassment of finding itself continually at the mercy of local speculators, when arranging for remittances abroad.

Before leaving the consideration of the Public Debt I shall touch on two points, which have, I believe, been raised in a manner calculated to discredit Greek finance.

First, with reference to the purchase of gold, and remittances abroad, for payments on account of the Monopoly Loan. The Greek Government consented last autumn to the Company buying gold, and remitting direct, at such dates as may appear suitable to the management, but it maintains that this is a generous concession to the wishes of the Bondholders, which it was under no kind of obligation to make. In support of the Government view, the Finance Minister quotes Art. 13 of the Monopoly Loan Convention.* The terms of this article expressly limit the independent action of the Monopoly Company in buying gold, and remitting, to the case of the failure of the Government to provide the necessary remittances, within fifteen days prior to the date of a Coupon becoming due.

Secondly, the question has been raised as to the right of the Government to apply the proceeds of the Piræus-Larissa Railway Loan to purposes other than the construction of the Piræus-Larissa Railway. The Greek Government maintains that it had full right to apply the Loan to any purpose which it found advisable, and that the only obligation is to complete the Railway. The Finance Minister states that he expressly declined to admit in the Convention any clause which could restrict the action of the Government in this matter, and he observes that as it was estimated that it would take five years to complete the Railway, it would have been most unreasonable to expect the Government to keep large sums of money unemployed, and charged with interest, until such time as they might be required for the expenses of the works. Further, it is pointed out that the capital of the Loan provided a surplus, over the estimated cost of the Railway, sufficing for the payment of interest for two years only.

* Art. 13. La Société de Régie des Monopoles fera elle-même la conversion en or, ou en change sur l'étranger, du montant de ses encaissements, à moins que le Gouvernement ne lui ait remis lui-même le montant de chaque provision pour le service de l'emprunt, soit en or, soit en change sur l'étranger, en temps utile pour que la provision nécessaire au service de l'emprunt, soit parvenu au Comptoir d'Escompte au plus tard quinze jours avant chaque échéance semestrielle.

INTEREST AND SINKING FUND ON PUBLIC DEBT, 1892.

Classification of Loans.	Interest.	Sinking Fund.	Amounts.						Dates of Payment of Coupons
			Gold (francs).			Drachmæ (currency).			
			Interest.	Sinking Fund.	Total.	Interest.	Sinking Fund.	Total.	
LOANS SUBJECT TO AMORTIZATION.	Per cent	Per cent							
Loan of the Three Powers Debt to King Otho's heirs	..	..	900,000	..	900,000	..	..	..	..
First half-year..	4	..	..	..	..	65,807	34,318	100,125	..
Second „ „	4	..	..	..	..	32,446	67,679	100,125	..
Loan of 120,000,000 fr.—									
First half-year..	5	80	2,671,625	810,000	3,481,625	..	..	..	June 19
Second „ „	5	80	2,651,375	835,000	3,486,375	..	..	..	Dec. 20
Loan of 170,000,000 fr.—									
First half-year..	5	80	2,333,488	711,000	3,044,487	..	..	..	June 19
Second „ „	5	80	2,318,587	700,000	3,018,588	..	..	..	Dec. 20
Loan of 135,000,000 fr.—									
First half-year..	4	80	2,666,197	170,000	2,836,197	..	..	..	June 19
Second „ „	4	80	2,668,200	175,000	2,843,200	..	..	..	Dec. 20
Patriotic Loan „ „	..	..	..	..	..	9,080	36,280	45,360	*
Loan of 15,000,000 dr.—									
First half-year..	4	80	..	..	..	297,500	20,000	317,500	Mar. 20
Second „ „	4	80	..	..	..	297,100	20,000	317,100	Sept. 20
Piræus-Larissa Railway Loan :—									
Loan of 60,000,000 fr.—									
First half-year ..	5	..	1,499,000	19,500	1,518,500	..	..	..	June 3
Second „ „	5	..	1,498,637	20,000	1,518,637	..	..	..	Dec. 3
Loan of 16,500,000 fr.—									
First half-year..	4	..	326,100	200,000	526,100	..	..	..	Feb. 17
Second „ „	4	..	330,000	202,500	532,500	..	..	..	Aug. 20
LOANS ON WHICH SINKING FUND IS ABOLISHED.									
Loan of 26,000,000 dr.—									
First half-year..	5	..	..	..	..	507,588	..	507,588	June 3
Second „ „	5	..	..	..	..	507,587	..	507,587	Dec. 3
Loan of 10,000,000 dr.—									
First half-year..	5	..	..	..	..	22,156	..	22,156	June 3
Second „ „	5	..	..	..	..	22,156	..	22,156	Dec. 3
Loan for Road-making—									
First half-year..	5½	..	..	..	..	48,368	..	48,368	June 18
Second „ „	5½	..	..	..	..	48,368	..	48,368	Dec. 19
Loan of 9,000,000 dr.—									
First half-year..	5½	..	..	..	..	244,750	..	244,750	June 18
Second „ „	5½	..	..	..	..	244,750	..	244,750	Dec. 19
CONSOLIDATED DEBT.									
Loan of £1,200,000 —									
First half-year..	4	..	600,000	..	600,000	..	..	..	Mar. 20
Second „ „	4	..	600,000	..	600,000	..	..	..	Sept. 19
Loan of £5,000,000—									
First half-year..	4	..	2,243,335	..	2,243,335	..	..	..	Mar. 20
Second „ „	4	..	2,500,000	..	2,500,000	..	..	..	Sept. 19
FLOATING DEBT †									
Forced Currency Loan ..	1	..	168,139	..	168,139	737,481	..	737,841	..
Exchequer Bonds „ „	5	..	..	..	..	514,286	..	514,286	..
Temporary Loans ‡	5 to 7	..	1,315,866	..	1,315,866	..	..	..	..
Total payable in 1893 ..	..	..	27,290,549	3,843,000	31,133,549	3,599,783	178,277	3,778,060	..

* Payments on account of the Patriotic Loan are made quarterly—March 16th, June 16th, September 16th, and December 16th.

† The capital of the Floating Debt varies, and therefore the amount of interest payable is not a fixed sum; in the above Table it is calculated at the different rates existing on the Capital actually due, January 1st, 1893.

‡ All the temporary Loans, amounting in the aggregate to 21,109,233 fr., are repayable in 1893, at different dates, the last being in the month of August. The Interest is calculated on the total Capital for the whole year.

COMPARISON OF REVENUES ASSIGNED WITH REQUIREMENT FOR SERVICE OF LOANS.

Classification of Loans.	Nature of Revenue Mortgaged.	Amounts of Revenues Mortgaged.	Totals of Revenues Mortgaged.	Amounts of Interest and Sinking Fund.	Surplus in Excess of Requirement
Loan of the Three Powers Loan of 120,000,000 fr.	One-third of Customs Receipts at Syra Tobacco Excise Annual payments for purchase of National Lands Customs Receipts at Athens Piræus Patras Zante	Drachmæ. 948,804 3,758,367 346,478 803,568 10,023,302 3,890,052 1,445,108	Drachmæ. 948,804	Drachmæ. 900,000	Drachmæ. 48,804
Loan of 170,000,000 fr.	Stamp Dues* Customs Receipts at Catacolo Calamata Cephalonia Corfu Volo Tragési and Arta Syra (one-third)	9,120,833 707,169 934,249 1,205,931 3,653,512 1,388,797 12,063 948,804	20,276,816	6,968,000	13,308,816
Loan of 135,000,000 fr.	Receipts from Monopolies of Salt Petroleum Playing Cards Matches Cigarette Paper	2,290,621 4,749,979 357,533 858,597 1,434,159	18,071,358	6,063,075	12,008,283
Loan of 16,500,000 fr.	Tax on nett Revenue of Joint-stock Banks, Companies & Railways Tax on Theatre, Steamer, and Railway Tickets Tax paid by the Greek Laurium Mining Company	450,222 553,444	9,691,189	5,679,397	4,011,792
Loan of 15,000,000 dr. Patriotic Loan	One-third of Customs Receipts at Syra Revenue from Emery	948,804 446,780	1,072,665 446,780	1,058,600 45,360	45,034 314,204 401,140
Totals		51,396,317	..	21,349,032	30,047,285
Piræus-Larissa Railway Loan	Nett receipts of the Railway, and first mortgage on the line*	..	..	3,037,137	..

* The Railway not being completed there are as yet no receipts from it.

N.B.—The amounts of revenues shown above are the receipts for the financial year 1897. There is a prior claim on the Customs Receipts at Catacolo, Calamata, Cephalonia, Zante, Athens, the Piræus and Patras, for the interest of the Consolidated Loans of 26,000,000 dr. and 10,000,000 dr. The annual charge for this service is 1,059,487 dr.

**AUTHORISATION OF BANK NOTE ISSUE BY DIFFERENT
BANKS (FORCED CIRCULATION).**

Issuing Banks.	Date of Authorisation of Loans.				Sums Authorised (Bank Notes).
	FIRST PERIOD OF FORCED CURRENCY (1868 to 1869).				Drachmæ.
National ...	December 10 and December 30, 1868				10,000,000
Ionian ...	" " " " ...				5,000,000
	Total				15,000,000
	The above amounts were reduced as follows:—				
National ...	September 8, 1869				6,000,000
Ionian ...	" " " "				3,000,000
	Total				9,000,000
	SECOND PERIOD OF FORCED CURRENCY (1877 to 1884).				
National ...	June 29, 1877... ..				7,000,000
" ...	November 21, 1877				7,000,000
" ...	December 2, 1880				27,000,000
Ionian ...	June 29, 1877... ..				3,000,000
	Total				44,000,000
	THIRD PERIOD OF FORCED CURRENCY (1885 to 1892).				
National ...	November 4, 1885				12,000,000
" ...	November 30, 1885				10,000,000
" ...	December 21, 1885				20,000,000
" ...	April 4, 1886				25,000,000
" ...	May 28, 1887				4,000,000
Ionian ...	November 4, 1885				2,000,000
Epiro-Thessalian	" " " "				1,000,000
	Total				74,000,000

NOTE.—In addition to the above amounts, the following issues of small notes have been authorised:—

					Drachmæ.
By the National Bank	...	...	...	...	7,000,000
Ionian Bank	...	...	...	...	3,500,000
Epiro-Thessalian Bank	...	...	...	...	3,500,000

AVERAGE CIRCULATION OF BANK-NOTES OF THE NATIONAL,
IONIAN, AND EPIRO-THESSALIAN BANKS, COMPARED
WITH THE RATE OF EXCHANGE, 1877-92.

Year.	Average of Loans to the Government.	Average of Notes in Circulation.	Average Rate of Exchange.
	Drachmæ.	Drachmæ.	
1877	4,793,912	46,238,967	1'15½
1878	27,892,137	67,274,542	1'24
1879	27,711,946	67,379,090	1'17½
1880	23,049,068	67,746,629	1'14½
1881	44,796,023	97,049,342	1'15½
1882	48,215,729	108,072,032	1'19½
1883	44,057,004	105,989,104	1'12½
1884	32,369,288	88,170,451	1'03½
1885	13,182,937	70,452,169	1'05½
1886	61,313,748	114,652,135	1'23½
1887	79,031,595	126,951,268	1'25½
1888	72,059,969	117,491,570	1'26
1889	67,573,463	113,217,610	1'22½
1890	78,491,013	120,852,298	1'23½
1891	77,158,828	137,728,486	1'29½
1892 ... ..	.....	.....	.....

NOTE.—Loans of forced currency commenced in July, 1877. The forced currency was withdrawn in December, 1884. Forced currency was again put in circulation in September, 1885. The notes of the Epiro-Thessalian Bank were first put in circulation in July, 1882. This Bank made its first Loan to the Government in October, 1885. The circulation of notes of small denomination (under 5 dr.) was commenced by the three Banks in June, 1886.

GENERAL CONSIDERATIONS AND STATISTICAL NOTES.

AGRICULTURE.

Greece is essentially an agricultural country, and chiefly dependent on agriculture for its prosperity. Industrial development, as shown by the figures under this head on the following pages, is still quite in its infancy. Progress is being made, and is desirable, in the

working up of native cotton, which is of good quality, and the production of which is increasing, but, so far, the home market is alone considered. Oil-mills, distilleries, and the works connected with mining industries, send some of their products abroad, but, speaking generally, the country lives on its agricultural products, which it consumes, or exports in their natural condition.

From the agricultural point of view, Greece is a very rich country. In the plains and valleys, the soil is almost universally extraordinarily rich, and wherever there is water, the most valuable products, such as grapes, currants, olives, tobacco, wheat, cotton, figs, and other fruits, silk, etc., are produced in abundance, and with but little effort. In the following Tables will be found the official returns* of the acreage under the more important crops, and the estimated annual average yield.

AGRICULTURAL AND INDUSTRIAL STATISTICS.

NUMBER OF ANIMALS.

Description.					Number.
Horned Cattle	...	...	...	...	337,000
Sheep and Goats	..	...	...	...	6,000,000
Horses	...	...	...	...	95,000
Mules	...	...	...	...	45,000
Donkeys	...	...	...	...	109,000
Pigs	...	..	...	...	45,000
Camels	...	...	...	..	50

* These returns are admittedly only approximate.

ACREAGE OF AGRICULTURAL PRODUCTION.

Articles.	Acres.
Wheat	630,000
Barley	240,000
Maize	192,000
Oats	24,000
Rye	7,500
Sesame	18,000
Cotton	14,800
Tobacco	12,000
Vineyards	336,000
Currants	168,000
Olives	432,000
Figs and other Fruits	52,000
Sundry Cultivation	211,400
Fallow	1,200,000
Forest	2,025,400
Total	5,505,700

MEASURE OF AGRICULTURAL PRODUCTS.

Articles.		Quantity.
Cereals	Bushels ...	20,000,000
Fruits and Vegetables	" ...	1,250,000
Potatoes	" ...	400,000
Sesame and Small Grain	" ...	250,000
Tobacco	Lbs. ..	16,000,000
Olives	" ...	15,000,000
Currants	" ...	350,000,000
Figs	" ...	60,000,000
Wine	Gallons ...	66,000,000
Oil	" ...	10,000,000

QUANTITIES AND VALUES OF EXPORTS (AGRICULTURAL PRODUCTS).

Articles.		Quantity.	Value.
Cereals	Cwts. ...	16,450	Drachmæ. 132,540
Fruits and Vegetables	" ...	39,900	257,150
Potatoes	" ...	415	4,150
Tobacco	" ...	50,950	2,660,560
Olives	" ...	48,230	868,150
Oil	" ...	150,690	5,425,400
Currants	Lbs. ...	340,000,000	54,709,200
Figs	" ...	22,270,250	2,144,900
Valonea	Cwts. ...	152,545	1,525,450
Silk	" ...	2,548	1,205,100

INDUSTRIAL DEVELOPMENT.

Description.	Number.	Horse-Power.
Flour Mills	113	1,398
Spinning Mills	17	1,702
Mechanical Works	6	710
Cotton-carding Mills	17	113
Oil-pressing Mills	14	122
Distilleries	8	52
Mining Works	8	1,370
Sundry	25	179

The following Table, which gives the value of Exports from Greece during the years 1888 to 1892, shows how valuable these products are, and how large a proportion of the trade of the country is based on them :—

Articles.	1888. Value.	1889. Value.	1890. Value.	1891. Value.	1892. Value.
	£	£	£	£	£
Silk and Cocoons	33,800	45,052	54,935	40,269	65,098
Sponges	77,589	101,343	78,368	78,139	65,695
Currants	2,095,542	2,220,349	1,924,951	2,419,810	1,629,972
Fruit, Fresh and Dry	151,725	115,995	102,979	81,733	104,552
Tobacco	100,429	112,008	140,060	82,192	86,961
Olive Oil	91,879	210,908	91,597	348,467	89,680
Valonea	56,646	67,320	51,988	63,744	63,045
Ores... ..	522,028	691,174	681,602	608,339	699,675
Emery	23,428	15,223	14,654	5,218	7,963
Wine in cask	176,594	174,391	140,321	249,425	131,073
Sundries	496,489	557,349	550,211	322,252	366,744
Total	3,826,149	4,311,112	3,831,666	4,299,588	3,310,458

Later returns give the total value of Imports in 1893 at £3,659,398, and that of Exports as £3,521,354. On comparing these amounts with those given for 1892 in the foregoing Tables, it will be seen that there was a falling-off in Imports of £1,112,842, while Exports show a gain of £209,096. The value of Currants exported in 1893 was £1,850,986, showing an increase of about 12½ per cent.

It is to be regretted, however, that the balance of trade is so steadily against the country, as exemplified by a comparison of the Table on page 119 with the following Table, which gives the value of Imports into Greece during the years 1888 to 1892 :—

Articles.	1888. Value.	1889. Value.	1890. Value.	1891. Value.	1892. Value.
	£	£	£	£	£
Live Stock	76,424	142,050	172,492	165,248	166,365
Hides* ... ..	...	113,950	141,792	146,934	152,074
Fish, fresh or prepared, Caviar, etc.	175,279	189,040	210,371	216,828	201,500
Wheat and Meslin* ..	...	1,350,546	1,096,314	1,282,866	943,027
Coffee, Chicory, etc.	121,638	120,822	118,410	129,928	121,766
Wood and Timber for building ...	234,323	216,990	226,701	239,297	172,485
Coal* ... ..	...	201,877	187,272	370,180	347,477
Raw Metals	68,660	70,780	85,818	90,941	72,135
Sugar	138,956	132,778	125,399	123,489	136,698
Cotton Tissues ...	434,565	366,028	353,042	470,863	452,372
Woollen and Hair Tissues	188,796	184,675	306,956	366,256	261,570
Mixed Tissues† ...	170,114	105,568	...	...	...
Common Iron Goods and Hardware* ...	...	204,377	109,567	146,839	119,145
Sundries	2,757,312	1,906,648	1,697,290	1,864,917	1,625,626
Total	4,365,967	5,306,129	4,831,424	5,614,386	4,772,240

* The figures for 1888 are not available.

† After 1889 Mixed Tissues are classed according to the substance which predominates in them.

There is, however, still much room for development in agriculture. The better lands are, as a rule, already occupied, but there is a great lack of population, the average per square mile, as shown in the following Tables, being only eighty-nine. Except in Thessaly, the conditions of climate and soil alike dictate that the "intensive" system of agriculture must be followed, and the "intensive" system demands a number of hands, which in very many districts are still wanting. The population is naturally increasing, but the increase has latterly not been rapid. In considering the future prosperity of the country it is, however, a distinctly good feature that there is room for an increase, which will certainly come, and which will as certainly materially assist in developing great natural resources. It is also satisfactory to know that the most competent observers describe the provincial Greeks as thrifty, quiet, simple people, and fairly industrious.

AREAS, POPULATION, COMMUNAL REVENUES, ETC.

Geographical Divisions.	Area, Square Miles.	Population. Number.	Population per Square Mile.	Forest Acreage.	Communal Revenues.	Revenue per Head.	Communal Debts.	Com- munal Debt per Head.
		Number.	Number.	Acres.	Drachmæ.	Drachm.	Drachmæ.	Drachm.
Continental Greece, and Eubœa ...	9,120·8	644,357	70·64	970,710	5,624,582	8·73	7,266,594	11·2
Peloponnesus	8,278·7	802,234	97·01	511,290	6,341,735	7·90	7,326,073	9·1
Epirus and Thessaly ...	5,165·3	344,067	66·61	543,400	1,996,486	5·80	1,009,100	2·9
Archipelago (Cyclades, etc.) ...	925·0	146,847	158·75	...	1,534,914	10·45	2,565,160	17·4
Ionian Islands	1,039·1	249,703	240·36	...	1,683,085	6·74	997,337	3·9
Total and Averages	24,528·9	2,187,208	89·17	2,025,400	17,180,802	7·85	19,164,264	8·7

N.B.—The figures given above relate to 1892.

POPULATION AND INDEBTEDNESS OF PRINCIPAL CITIES.

				Population.	Indebtedness.
				Number.	Drachmæ.
Athens	...	...	...	107,251	5,340,250
Piræus	...	...	...	34,237	1,005,342
Patras	...	...	...	33,529	3,176,000
Syra	...	...	...	30,208	2,472,500
Corfu	...	...	...	19,025	233,853
Zante	...	...	...	16,603	469,283
Tricala	...	...	...	14,820	326,000
Larissa	...	...	...	13,610	500,000
Pyrgos	...	...	...	12,647	1,290,000
Tripolitsa	...	...	...	10,698	812,061
Calamata	...	...	...	10,696	30,000
Argos	...	...	...	9,814	180,000
Chalcis	...	...	...	9,919	353,521
Missolonghi	...	...	...	9,476	3,000
Argostoli	...	...	...	9,085	200,000
Messene	...	...	...	6,325	209,000
Lamia	...	...	...	6,888	268,801
Philiatra	...	...	...	8,973	303,265
Vostitsa	..	...	...	7,001	449,921

CLASSIFICATION OF MALE POPULATION.

				Number.
Agriculturists (Proprietors)...	...	...	...	314,122
Agricultural Labourers	...	...	...	57,069
Shepherds	...	...	...	72,905
Artisans	...	...	...	64,211
Traders	...	...	...	43,103
Traders' Employés	...	...	...	74,876
Workmen and Servants	...	...	...	31,321
Professions	...	...	...	15,735
Officials	...	...	...	12,109
Clergy	...	...	...	10,059
Sailors	...	...	...	7,624
Army and Navy	...	...	...	27,000

N.B.—The figures in the above Tables apply to the year 1889.

It must be admitted that, as a general rule, a country which depends on agricultural resources is specially liable to great fluctuations in its Revenue. The returns of Greek Revenue are certainly liable to risks from droughts in Thessaly, and from disease attacking vines and currants, but the diversity of products is so great that, even if one or two classes of crops are failures, others may be expected to at least yield fairly well, and there is no reason to fear the catastrophes which have befallen other countries depending solely on one particular crop, such as cereals.

In the older provinces the peasants generally own the soil they till, and they almost invariably employ their savings in adding to their holdings and building houses on them. Thessaly is, however, an exception to this rule. It is the most thinly populated portion of the kingdom, and a great part of the province is in the hands of large proprietors. After the exodus of the Turks, following the incorporation of Thessaly and Epirus into Greece, these provinces went backward, and to restore their prosperity, additional population, reform in the system of land tenure, and the expenditure of money on works of irrigation, etc., are urgently required. All this will doubtless come in time, but progress must be slow, and particularly so in view of the fact that the financial resources of the Government will, for some time at least, be unequal to undertaking the much-needed public works.

The importance of the proper development of these northern provinces is greater than seems to be recognised. The Thessalian Plains, famous for their cereal production, ought easily to supply bread for the other portions of the kingdom, where the population is engaged in the cultivation of other crops of a different nature. Owing, however, to a succession of droughts, and other unfavourable circumstances, mentioned above, there has not been a really good grain harvest for many years in the northern provinces. There have unfortunately been a succession of failures, and instead of being self-supporting, Greece has latterly been obliged to import grain to an annual average value exceeding £1,000,000. It is sufficient to point out this fact, in connection with the difficulty found in remitting gold abroad for the payment of Coupons, to show the very great importance of an improvement in the condition of Thessaly.

It would not be fair to close these remarks on the condition

Thessaly without stating that, though much remains to be done, important work has already been accomplished in many directions since the province became part of the Greek kingdom. First and foremost, brigandage has been suppressed. Brigands are no longer a cause of anxiety either to the Government or to the orderly inhabitants of the country. And this in itself means much. Further, the Greek Government has built and opened the Thessalian Railway, of which about 140 miles are now working, and, in spite of unfavourable goods traffic, owing to bad seasons, yielding a nett revenue, over working expenses, of about £240 per mile. Finally, the Government has undertaken and completed important harbour works at Volo, already profitable, and certain to become still more so, as the condition of the province improves.

After agriculture, the most important resources of Greece are the earnings of her mercantile marine and her mineral wealth.

MERCANTILE MARINE.

According to official returns, the Greek mercantile marine consists of 103 steamers, with a total tonnage of 58,237 tons, and a large sailing fleet, the total tonnage of which, excluding vessels under thirty tons, is 211,720 tons. The Greeks have always been good sailors, the nature of their extensive coast affording special encouragement to maritime tastes. It is unfortunately impossible to arrive at anything approaching a definite figure for the value of their shipping business, but it must be very considerable. The Greek share in the carrying trade of the Mediterranean, the Levant, and the Black Sea is very large, and is attested by the constant presence of the Greek flag in all the harbours of those waters.

MINERAL WEALTH.

As regards mineral wealth, the annual production of different kinds of minerals, and the values of the output for the years 1887 to 1890, are given in the following Table, and these figures speak for themselves. There are unfortunately no complete data available to show progress during the last two years.

THE FOLLOWING TABLE GIVES THE QUANTITIES AND VALUE OF MINERALS EXTRACTED
DURING THE YEARS 1887 TO 1890.

Classification.	1887.		1888.		1889.		1890.	
	Private.	State.	Private.	State.	Private.	State.	Private.	State.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
Lead	12,922	...	14,543	...	13,567	...	14,208	...
Galena (argentiferous) ...	1,616	...	2,620	...	1,330	...	1,240	...
Manganese Iron	162,958	...	123,441	...	134,340	...	207,509	...
Zinc	33,136	...	32,505	...	27,625	...	30,744	...
...	7,761	...	10,900	...	5,400	...	2,310	...
Sphalerite (blend)	500	...	1,475	...	10,660	...	13,547	...
Oxide of Manganese	4,864	...	2,927	...	1,356	...	4,581	...
Baryte (argentiferous) ...	2,500	...	5,500	...	3,500	...	3,500	...
Lignite	1,346	...	1,670	...	1,552	...	2,044	...
Sulphur	7,000	...	300	...	1,200	...	8,734	...
Silicate of Magnesia ... ..	...	12,031	...	18,290	...	11,503	...	9,698
Millstones (pieces) ... ..	...	2,222	...	2,222	...	2,222	...	...
Emery ... ..	...	28,980	...	28,985	...	47,928	...	44,284
Pouzzolane ... ..	...	...	...	...	...	...	...	...
Chrome	212	...	212	...	595	...	800	...
Marine Salt ... ..	...	17,000	...	17,500	...	19,455	...	18,000
Annual Value (drachmæ) ...	14,384,308	2,643,097	15,818,423	2,725,432	14,637,500	3,054,286	16,791,031	2,404,135
Total Value (drachmæ) ...	17,027,405		18,543,855		17,691,786		19,195,166	

In considering probabilities of progressive prosperity in Greece, the influence of the public works, on which so much money has been expended, must not be forgotten. A comparatively short time ago Greece was practically without internal communications. Now there is a fair system of roads throughout the country, and railways have been completed, or are in course of construction, in many important directions.

ROAD CONSTRUCTION.

The following Table shows the progress and cost of road construction. It will be observed that the country was practically without roads in 1882, but in the last ten years over 1,300 miles of roads have been added, and this in a small and thinly populated country means a great deal. The cost of construction has been heavy, and the roads are not now as efficiently maintained as is desirable, but the first desideratum has been supplied, and practicable road communication exists where it is of most importance.

ROAD CONSTRUCTION (1835-1892).

Year.	Number of Miles.	Expenditure on Roads.
		Drachmæ.
1835-1862	150	...
1863-1872	162	...
1873-1882	385	...
1883-1892	1,346	...
Total... ..	2,043	49,565,500

RAILWAYS.

Greece possessed in November, 1892, 915·6 kilometres of Railway lines, of which 148 were the property of the State, and 767·6 belonged to private Companies. Besides this there were 493·5 kilometres under construction, 1·5 of these owned by a private Company being the

underground extension of the Piræus-Athens Railway (221 kilometres completed but not opened for traffic).

The Capital invested is stated at :

Government	...	...	...	...	frs. 45,756,720
"	...	...	...	...	dr. 18,893,768
Private owners	...	...	...	...	dr. 83,228,204

The gross takings of the Railways were :—

Government lines @ 3,878'3 per kilometre	=	dr. 573,988'4
Private lines @ 10,444'5	„	= dr. 8,017,197'2

The average working expenses absorbed 51'46 of the gross takings.

The Government tax was approximately 755 dr. per kilometre, making a total of say 693,055 dr.

The conditions upon which the concessions to private Companies have been granted have usually been on the basis of sharing the profits, after allowing for working expenses, in some cases at the rate of 7 per cent. on the capital and in others a fixed sum.

Major Law says :—

Important lines exist, and are working, but I fear much money has been wasted through bad management in their construction. Greece, however, not unnaturally, and like many other countries, has had to pay for its experience. The most satisfactory, and, indeed, remarkable feature, is the low percentage of working expenses, which argues very well for the prospects of all reasonably-constructed lines. Much general improvement in the condition of the country may, I think, be expected from the opening up of railway communications, but all railway enterprise in Greece is of so recent date, that it is only just beginning to exercise its natural beneficial influence. Two very important lines, as regards length and cost of construction, are still uncompleted, and consequently represent, so far, only a charge on the Revenues of the country. These are the Myli-Calamata line, in the middle of which, in a difficult but all important section, there is still a break of about fifty miles, and the Piræus-Larissa Railway, on which about £700,000 have been spent, but not one mile is yet open for traffic. There is no reason why the Myli-Calamata line should not, with great profit, be completed at an early date, and important sections of the Piræus-Larissa Railway can also be opened within the

year if existing difficulties between the Government and the contractors are arranged.*

Besides what has been done by the Government, two great works of important character have been undertaken by private enterprise. I refer to the cutting of the Isthmus of Corinth, and the draining of Lake Copais.

The canal will be opened for navigation during the course of the present summer, and the works at Lake Copais are announced as practically complete. The reclamation of 60,000 acres of the finest virgin, alluvial, soil, must certainly prove a very important addition to the wealth of the surrounding province, and it is anticipated that an almost immediate result will be to render unnecessary the importation of foreign cattle to supply meat to the towns of Attica. This would in itself be an important advantage, as the annual value of cattle now imported amounts to about £170,000.

POST AND TELEGRAPH SERVICE.

There has been a considerable development in the Post and Telegraph Services. This development has been attained without special charge to the country (see Table on page 98), and henceforth posts and telegraphs may be expected to provide an increasing and useful contribution to the Government Revenue.

Satisfactory as may be the signs of general progress likely to increase Revenue, their practical bearing in connection with the main question under consideration must be viewed in connection with the probable demands on the Revenue for administration and other Government requirements.

* This is not the place to discuss the merits of disputes which have unfortunately arisen over the construction of this line. I can only say that I have reason to hope that they may speedily be arranged, and that the work may be rapidly carried on to the mutual benefit of all parties concerned. It should be noted that there is no provision in this year's Budget for continuing the works of the Piræus-Larissa line, but if the financial operations I have indicated are carried out, an important number of the unissued Bonds of this Railway will be freed by the paying off of existing advances, and by the realisation of these Bonds it should become quite possible to obtain the funds necessary for the completion of the line.

CHARGES OF WASTEFUL ADMINISTRATION.

It is, I believe, frequently supposed that the administration in Greece is wasteful, and particularly that unnecessarily large sums are spent on the army and navy.

As regards general administration, the charge of extravagance is, I think, unfounded, except as far as concerns the appointment and payment of members of the civil service, whose sole recommendation is, too often, the protection of political friends. This is certainly an evil. It is fully recognised, and something has been done to check it, but greater determination is still necessary. This is not, however, a matter likely, too seriously, to affect budgetary balances. Leaving aside the army and navy, the total cost for salaries and pensions is about 16,250,000 dr. or under £650,000, while the average amount for salaries is 1,254 dr., and of pensions 680 dr. With the most honest efforts, it is unlikely that any highly important saving can be effected in this direction.

ARMY AND NAVY.

Turning to the army and navy, I have already mentioned the disorganisation of the financial position, in the years 1885-86, for which, in great part, hurried expenditure on armaments was responsible. This however was the result of temporarily excited popular feeling, and during recent years the numbers and cost of the army have been steadily reduced.

The Table on page 103 shows that in the years 1889-91, for which the accounts are closed, the expenditure on the army and navy together amounted on an average to about 22,000,000 dr. This sum, on an average for ordinary Revenue of about 84,000,000 dr., is equivalent to approximately 26·2 per cent. For the current year, economies which have been introduced, particularly in the army, reduce the estimated expenditure to something under 22,000,000 dr., so that, making allowance for some possible small supplementary credits, and taking my estimate of the receipts at 101,000,000 dr., the cost of the combative services has been reduced to approximately 20 per cent. of the Revenue.

For the year 1893 the number of recruits to be called up has been fixed at 10,000. After one year's service 2,200 pass into the newly-organised gendarmerie. The actual number of men with the colours is now 14,216, and in the gendarmerie about 3,000. The term of service with the colours is two years, and in the reserve ten years. The reserves are called out annually for training for a period which by law cannot exceed forty days.

In 1887 the number of men with the colours was 23,215.

The Greek navy consists of three first-class ironclads, two training ships, one torpedo cruiser, and thirteen minor vessels, besides some twenty torpedo boats and small craft. No additions have been made since the purchase of the three ironclads, delivered two years ago. The Estimates for 1893 show a saving of about 1,300,000 dr., as compared with last year, and the Minister of Marine states emphatically that there is no probability of any supplementary credit of the smallest importance being required.

EDUCATION.

The following Statement shows the condition of education in Greece:—

	Number.
Primary Schools	2,745
Secondary Schools	295
University	1
Scholars, Male	117,285
„ Female	22,100
Teachers	3,680

AVERAGE NUMBER OF SCHOLARS WHO PASS EXAMINATION.

	Number.
University	440
Secondary Schools	4,300
Normal Schools	175
Primary Schools, Male	82,000
„ „ Female	14,000

Of recruits entering the army 15 per cent. can read only, 55 per cent. can both read and write, and 30 per cent. are illiterate. Under

the conditions of universal compulsory service, these may be assumed to be the proportions for the entire male population. There are no data for estimating the percentage of educated females.

I have mentioned several hopeful signs for the future prosperity of Greece; I must now refer to a disagreeable feature in the administration.

It is said that Greek patriotic sentiment develops such violence of partisan feeling as to prevent the equitable enforcement of taxation. Political animosity, it is affirmed, is sometimes given forcible expression through the strict demands of tax assessors and collectors, whilst the leniency shown to friends prejudices the interests of the Treasury. Such statements are probably exaggerated, but they are not without some foundation, and if partisan feeling is to continue to affect the collection of taxes, this factor must be taken into consideration in estimating the probability of realisation of the anticipations announced in Ministerial budgets, based only on assessments.

I understand the Ministerial view to be, that only some 2,000,000 dr. are annually lost to the Revenue by arrears of taxation, and that the bulk of this loss is due to unavoidable difficulties, in connection with the settlement of the land, which I have explained in my notes on the system of taxation. The result of my calculations prevents my fully accepting this view, and, in any case, I think the admitted loss deserves serious attention, and calls for the most strenuous efforts to effect an improvement. Undoubtedly there are great difficulties to overcome. Something has been done in making house property liable for the arrears of the house tax, and not accepting, as formerly, the personal liability of the proprietor, and praiseworthy efforts are being made to secure the early assessment of taxes, and to enforce greater strictness in collection. I fear, however, that admitting some improvement, undesirable laxity is likely to continue, and it is certainly hard that honest tax-payers should find their taxes increased, when a large sum remains to be collected from those who persistently defraud the Revenue.

It has, I believe, been suggested, that the collection of arrears might be farmed out to a company, which, having no political obligations, would not be a respecter of persons. There may be insurmountable difficulties in carrying out such a scheme, but it would certainly appear well worthy of consideration.

There is another point on which I must touch, which is one of

extreme difficulty and of great importance. Questions have been asked—Supposing that arrangements are now made to enable Greece to tide over her pressing financial trouble, by facilitating for a term the payment of Coupons on the Gold Debt, and by gradually bringing the exchange up to par, will the country be able to hold its ground, and to stand on its own resources when such operations are completed? Will there not be grave danger of the exchange difficulty growing up again, and of a return to the present unsatisfactory position?

Such questions are natural in view of the fact that the Imports into Greece have of late years exceeded the Exports by an annual average exceeding £1,000,000, and that the charge on the Gold Debt, the bulk of which is in foreign hands, involves payments abroad which, if increased by a new Loan, will amount to a figure approaching £1,500,000.

The fact should be realised and faced, that including the ordinary necessary expenditure of the Government abroad, Greece must, as matters now stand, find £2,500,000 per annum to meet her current liabilities in foreign countries. The question where the gold for this payment is to come from is of vital importance. The most satisfactory solution would be found in the increase of exportation to the required extent. The considerations I have adduced in the foregoing pages lead me to hope for a considerable increase in Exports, as a result of that steady development of economic prosperity, which may be confidently anticipated, unless checked by abnormal circumstances. I think that, with the favourable conditions I have pointed out, such development is likely to be particularly rapid during the next few years, but, admitting this, it will not be possible within the required time to increase the Exports by £2,500,000. It must be remembered also that every increase of Exports must, as a general rule, tend to a corresponding increase in the volume and value of Imports, but in Greece there are exceptional circumstances affecting importation of a most important class, and these must be taken into account. There is good reason to hope that the present imports of breadstuffs and live stock, the annual value of which I have shown to average about £1,250,000, may rapidly and most profitably decrease, as a result of improved and increasing production at home. Such improvement will go a long way towards meeting the difficulty.

There remains to be taken into consideration the "occult" sources of wealth to the country. These are, briefly, the earnings of the mercantile marine, the remittances of Greek workers abroad to their friends and relations, the savings with which Greeks who have

worked abroad return to settle in their own country, the legacies to Greece by rich Greeks dying abroad, the foreign investments of Greek capitalists living in Greece, and the money spent in Greece by foreign tourists.

The value and probable growth of these "occult" sources is a most complicated question. I have devoted much time and consideration to endeavours to estimate their value, but I regret to state that I have found it impossible to accept any figures as represented even such a rough estimate as might reasonably be taken as a guide. At the same time, such occult sources evidently exist in Greece in greater proportions than in other countries.

I have already dwelt on the importance of the mercantile marine, and there can be no doubt that its earnings are large and increasing.

The large sums remitted, or brought to Greece by Greeks who have earned their money abroad is a feature peculiar to the country, and of the highest importance. Any one who has travelled in the East must have been struck by the number of Greeks to be found in all eastern countries, earning money and prospering as traders and servants, and it is a fact there is hardly one of these who does not contribute by his remittances or legacies, or by returning home with his savings, to increase the wealth of his native land. And it is not only in Greece that Greeks are prosperous and mindful of their country; it is a matter of common knowledge that in Italy, France and England the Greeks in business are frequently very rich, and it is a certain fact that there are few who do not, in some form or other, allow their country to profit by their wealth.

The amount of capital invested abroad by Greek capitalists, resident in Greece, is again an unknown quantity. From inquiries I have made, I have reason to put the amount of Greek gold Stocks held in Greece at about 60,000,000 fr. to 80,000,000 fr., but this is probably a small figure as compared with the value of foreign Stocks and Shares similarly held, and regularly contributing to swell the remittances to Greece.

Lastly, with regard to expenditure by tourists, there is every reason, when we remember the profits they give to Switzerland and Italy, to suppose that Greece, too, must benefit considerably by the annual influx of visitors, and considering the exceptional attractions which Greece offers to tourists, it is to be expected that their number will largely increase as communications improve, and other facilities are offered.

In conclusion, I would point to one of the most hopeful features as regards promise of future prosperity for Greece. I refer to the unimpeached, and unimpeachable integrity of the statesmen of all political parties, as regards the question of seeking personal pecuniary profit from office. With hardly an exception, the politicians who guide the fortunes of the country are men of small private fortune, and the salaries not exceeding £400 per annum, even for the Prime Minister, are certainly no temptation to covet office. It is a fact that whilst every other accusation and insinuation which political animosity can invent is freely launched at political opponents, no whisper is ever heard affecting the universally enjoyed reputation for personal honesty in the conduct of the administration.

Whatever mistakes may have been made in the past have been due to inexperience, or to the inherent difficulties encountered in shaping the destinies of a new and democratic country, and the hope is justified that the teachings of experience will enable Greek statesmen to follow a safer course in the future.

With a rich soil, a population remarkable for its frugality, and honest leaders, reasonable hopes may be entertained of bright prospects for the future of Greece.

The following comparison of percentage of Revenue absorbed for charges of public debt and defence, in different countries, may be of interest. With the exception of the figures relating to Greece, the calculations have been made from data given in the "Statesman's Year Book."

Countries.	1893.	
	Debt.	Defence.
	Per cent.	Per cent.
France	40	26
Spain	40	23
Roumania	36	22
Italy	35	21
Belgium	30	15
England	28	35
Sweden	17	24
Greece	36*	20

*4,000,000 fr. are included for the charges of a new Loan.

NOTES ON SYSTEM OF TAXATION.

The tax on Ploughing Animals forms part of a system adopted, in the absence of a proper survey, for collecting a direct tax from land in proportion to its agricultural value. The number of animals employed in ploughing is a rough test of the average productiveness of the soil. The rate of this tax is varied in different districts according to their estimated comparative fertility. When, on the abolition of tithes in kind, this tax was introduced, the average of the last five years' tithes was taken as the rateable value, and this sum remaining fixed, is annually divided among the number of ploughing cattle in the district. The lowest rate is 2'40 dr., and the highest rate 30 dr., per ploughing animal.

In 1887 this tax was increased by 20 per cent. In 1890 there was a decrease, under a new classification, roughly equal to 20 per cent.

The tax on Oil is levied by a rate of 9 per cent. on the value of the oil produced. It is collected when the oil is pressed by the farmers of the tax, who are generally men interested in the oil trade and who, as a rule, by agreement with the producer, levy the tax in kind. The farming of the tax is put up to public auction. The rate fixed by the State amounts to 10 dr. per 100 oke of oil. There is also a tax on olives of 0'25 dr. per oke.

The Wine tax* is collected on the measure of wine produced, taken when the wine is cellared. The tax amounts to 0'24 dr. per oke. Wine exported pays no tax, and wine produced from currants is also free.

Practically the entire production of currants is exported, and the tax† on Currants is collected at the port of export by a fixed rate on the weight. For taxation, however, currants are divided into two categories, paying, the one a greater, and the other a lesser rate, according to the province in which they are produced. The tax varies from 16'50 dr. to 19 dr. per 1,000 Venetian lbs. By a recent Law this tax has been made payable in gold, with a reduction of one-sixth from the fixed rate.

On the cession of the Ionian Islands to Greece, the system of taxation which existed under the British Protectorate was maintained. Under this system the islands are exempted from direct taxation of all kinds, their only contribution to the Treasury consisting in the tax

* These taxes were increased by 20 per cent. in August, 1892.

† Representing a land tax on the area of currant cultivation.

levied on the export of agricultural produce, and the ordinary customs duties on imports.

The tax on currants is fixed at 20 per cent. on the market value as determined once a week by the Administration. Oil pays 18 per cent. on its market value, and wine 6 per cent. Olives pay 0·25 dr. per oke. All these taxes were in 1887 increased by 15 per cent. unless paid in gold. By the Law of December, 1892, three-fifths of the Export Duty on currants and oil will in future be payable in gold, but assessed in paper currency with a reduction of one-sixth.

The Cattle tax* is levied on all kinds of animals in the provinces. The chief amount is collected on sheep and goats.

Sheep and goats pay 0·25 dr. per head ; donkeys, 1·20 dr. per head ; horses, mules, and camels, 2·25 dr. per head ; horned cattle, 2 dr. per head ; and swine, 2·55 dr. per head.

The House tax is levied on house property in towns. The rate is fixed according to the estimated values in the previous year. The tax is progressive on values, and varies from 5 per cent. to 8 per cent. thus:—

Annual Values.		Amount of Tax.
From —	To —	
Drachmæ.	Drachmæ.	Per cent.
1,000	1,000	5
3,000	3,000	6
8,000 (over)	8,000	7
	...	8

The tax on profits of Mines and Companies is a tax of 5 per cent. on net profits. By the Law of December, 1892, this tax will in future be payable in gold.

The tax on Orchards and Pastures is a land tax. Pastures pay at the rate of 6 per cent. on the rent of the land. Orchards pay on the estimated annual productive value per stremma of land. The rates vary according to a sliding scale of estimated productive value, the

* The new arrangements for collecting this tax, introduced with the Budget for 1893, are described in the Notes on Estimation of Revenue for 1893.

† 20 per cent. was added to these rates in 1887.

lowest value in the scale being taken as 45 dr., is rated at 3 dr. per stremma, and the progression is as follows :—

From—	To—	Estimated Annual Value per Stremma.
Drachmæ. 45	Drachmæ. 74	Drachmæ. 8
74	104	12
104 (upwards)	...	16

Figs pay 2 dr. per quintal on exportation, payable in gold under the new Law for the Budget of 1893.

The tax on Tobacco cutting is collected in the tobacco-cutting factories on the weight of tobacco cut. Cutters employ their own workmen, and are charged 0.40 dr. per oke for the use of the machinery and supervision. The tax on cutting is 5 dr. per oke, and there is a further tax on the Government label obligatorily used in the retail trade, which amounts to approximately 0.30 dr. per oke. The price fixed for cigarette paper is calculated to be about 2.40 dr. per oke, making a total payment of about 8.10 dr. per oke.

Cigarette paper is a Government monopoly. The Government purchases the quantity and quality of paper required, and obliges the tobacco cutters to take a quantity proportionate to the amount of tobacco they may cut, paying the Government price, which includes cost price and tax.

Playing cards are a Government monopoly. The Government contract with an establishment in Corfu to make all the playing cards used in the kingdom. A tax is paid on every pack of cards manufactured, and a selling price is fixed to include tax and cost of production. The cards are retailed by the Agents of the Monopoly Company.

Matches also are a monopoly. The Government buys them abroad and gives them for sale on commission, at a price to include cost and tax, to the Monopoly Company, which distributes them for retail sale to agents throughout the kingdom.

The same system of raising a revenue from Petroleum is pursued as described above in the case of matches.

The price of petroleum, which was fixed at 19.20 dr. per case in

1885, was raised in the same year to 25'20 dr. ; in 1886 to 26 dr. ; and in 1892 to 30 dr.

All salt is produced in the Government works by evaporation from marine lagoons. The salt is retailed by the Monopoly Company under the same system as petroleum and matches. The price, which was 10 lepta per oke, was raised in 1886 to 15 lepta, to include the cost of delivery at the provincial stores of the Monopoly Company.

The License tax is levied on all persons engaged in any kind of trade or profession. For rating purposes all trades and professions are divided into three categories. In the highest category a special rate is fixed by law for each separate trade and profession. The other two categories are each divided, according to trades, into six groups, and the groups in the second category are further subdivided into classes, varying in number from one to seven, according to the population of the particular town. The rate in each group and class is fixed by law. A local Committee, of persons interested, fixes the class of each individual in his group, and also his place in his particular class.

Municipal taxation is limited to a maximum of $2\frac{1}{2}$ per cent. on Government direct taxation, and an octroi of 2 per cent. on articles of consumption, calculated on a fixed Government valuation, which valuation is liable to annual revision by a permanent Committee appointed by the Government for the purpose.

By a legislative Act all land to which a satisfactory title had not been established by private individuals, prior to 1837, was declared to be the property of the State. The great bulk of this valuable State property has now been taken up by private persons under conditions of payment varying according to circumstances. In all cases where land has been allotted, the State claims a provisional annual payment, until such time as a proper delimitation and verification of value shall have been made. When the value of the allotment has been definitely fixed, the amount becomes payable in a series of annual instalments. In the case of forest land, which although belonging to the State, had been planted by private individuals, the price, with interest calculated at 4 per cent., is payable in eighteen years. In the case of ordinary land, the price is payable in twenty-six instalments, comprising provision for interest at the rate of 2 per cent., and 3 per cent. for sinking fund. The large amount of arrears in these payments arises from the fact that the Government

is behindhand in fixing the definite value of allotments long since occupied, and the occupiers object to continue payments at a provisional and often disputed rate.

MINES.

The taxes on Mining industry are as follows :—

Five per cent. on the nett profit to the owner of the soil ; 5 per cent. on the nett profit, as dues to the State ; 1 per cent. on the nett profit to constitute an accident insurance fund for the benefit of workmen and their families. Mine proprietors must also pay the value of all land of which they disturb the surface.

In addition to the above, Companies must also pay a tax of 5 per cent. and a stamp due of 2 per cent. on their dividends.

FORESTS.

Forest dues are levied on permissions for charcoal-burning, which are granted to resident charcoal-burners only ; and on timber-cutting, according to the weight of timber cut. The bulk of timber cut is of the more valuable qualities.

Dues are also paid on the collection of valonea, bark, resin, gall-nuts, etc.

Private owners pay dues for the cutting of timber in their own forests, but in the proportion of 15 to 20 as compared with the rates paid for cutting in the State forests.

The State forests, owing to measures taken under the early Bavarian Administration, are very considerable.

FISHERIES.

The Government fisheries, the most important of which are situated in the neighbourhood of Missolonghi, are farmed out to contractors.

LIGHTHOUSE AND ANCHORAGE DUES.

Steamers making voyages to or from foreign ports pay 50 c. per ton for discharging, and the same for loading cargo. If they remain 72 hours in port, and only land or take passengers, they pay 30 c. per ton. The passenger dues can be computed for 10 fr. per passenger.

All the above dues can be commuted for twelve months by a single payment of 6 fr. per ton.

The rates are approximately halved for steamers doing a coasting trade, and also for steamers whose loading and discharging operations do not exceed together two-fifths of their capacity. A further reduction is made if they do not exceed one-fifth of their capacity.

Sailing vessels, above 60 tons, pay dues, but at reduced rates. One-half of the amount collected is to be devoted to the service of light-houses.

On this and the two following pages will be found the Estimates for 1894, with the actual Receipts and Expenditure for 1892.

REVENUE.

Description.	Actual Receipts, 1892.	Estimates 1894.
DIRECT TAXES.		
Ploughing Animals (representing Land Tax)...	Drachmæ. 2,168,543	Drachmæ. 2,133,000
Oil	969,136	900,000
Wine	1,899,171	1,848,000
Currants : Tax on Export (representing Land Tax)	4,054,386	4,068,000
Ionian Islands : Export Duties on Agricultural Produce	1,955,478	2,430,000
Tax on Cattle	2,232,086	2,058,000
License Tax on Trades and Professions	2,330,215	1,960,000
House Tax	2,225,635	1,930,000
Tax on Nett Profits of Joint Stock Companies and Mines	298,741	200,000
Sundries	745,221	709,900
Total	18,878,612	18,236,900
DUTIES AND EXCISE.		
Customs Duties on Imports	26,758,170	18,000,000
Excise on Tobacco	4,295,446	5,808,400
„ Spirits	222,371	60,000
„ Wine Sold by Retail		350,000
Total	31,275,987	24,218,400
STAMPS AND DUES.		
Stamps	11,110,931	12,477,067
Consular Fees	503,626	560,000
Post	1,549,176	1,675,000
Telegraphs	1,401,894	1,357,000
Exemption from Military Service	1,832,960	1,600,000
Anchorage Dues... ..		421,172
Fines and Sundries	2,027,350	1,728,500
Total	18,425,937	19,818,739
MONOPOLIES.		
Cigarette Paper	1,681,630	2,400,000
Playing Cards	326,145	300,000
Matches	931,384	925,000
Petroleum	5,344,115	5,200,000
Salt	2,503,970	2,091,500
Total	10,787,244	10,916,500

REVENUE—Continued.

Description.	Actual Receipts, 1892.	Estimates. 1894.
REVENUE FROM STATE PROPERTY.	Drachmæ.	Drachmæ.
Real Property	447,248	480,331
Royalties on Mines, Public Establishments, etc.	853,742	1,272,865
Forests	1,681,298	1,304,600
Fisheries	460,200	478,000
Total	3,442,488	3,535,796
Sale of Sundry State Property	1,249,516	1,320,119
SUNDRY REPAYMENTS AND DEDUCTIONS FROM BUDGETARY EXPENDITURE.		
Repayment of Advances	183,585	37,915
Pension Fund (Retention from Salaries	883,460	903,000
Miscellaneous	85,737	137,000
Total	1,152,782	1,077,915
SUNDRY RECEIPTS AND ARREARS.		
Occasional and Sundries	3,678,576	678,600
Payments on Account of Former Financial Years	3,633,784	3,720,000
Total	7,312,360	4,398,600
Lighthouse Dues	451,176	450,000
RECEIPTS ON ACCOUNT OF PRIMARY EDUCATION.		
Communal Contributions	1,790,319	1,800,000
Other Receipts	116,463	161,200
Total	1,906,782	1,961,200
Communal Contributions for Police ... ..	...	1,200,000
Grand Total	94,882,884	87,134,169
Extraordinary Receipts:—Loan of 16,500,000 francs	10,999,890	...

EXPENDITURE.

Classification.	Actual 1892.	Estimates 1894.
ORDINARY EXPENDITURE.		
	Drachmæ.	Drachmæ.
Public Debt	35,739,876	22,479,815
Allowances	112,585	135,094
Pensions	4,611,427	5,126,400
Civil List (Royal Family)	1,325,000	1,325,000
Legislative Body... ..	756,867	496,561
Department of Foreign Affairs... ..	2,010,857	1,964,301
„ Justice	5,080,813	5,390,968
„ Interior	6,686,541	9,808,622
„ Public Worship and Instruction	4,407,039	7,218,320
„ War	15,199,918	14,420,433
„ Marine	5,274,758	5,292,209
„ Finance... ..	4,900,458	2,072,984
Administration, Collection, etc., of Public Revenue	7,931,157	8,776,541
Sundry Payments	3,303,551	1,863,000
Total	97,340,847	86,370,248
EXTRAORDINARY EXPENDITURE.		
Department of Interior ; for Railways ...	9,938,757	
„ Finance ; towards Redemption of Fractional Notes Loan	400,000	
Total	10,338,757	
Grand Total	107,679,604	86,370,248

SUMMARY.

	1892. Drachmæ.	1894. Drachmæ.
Total Ordinary Receipts	94,882,884	87,134,169
„ Extraordinary Receipts	10,999,890	
	<u>83,882,994</u>	
Total Ordinary Expenditure	97,340,847	
„ Extraordinary Expenditure	10,338,757	
	<u>107,679,604</u>	86,370,248
Deficit 1892	<u>23,796,610</u>	
Estimated Surplus, 1894... ..		<u>763,921</u>

The following is the official translation of the Speech of M. Tricoupi in the Greek Chamber, on the introduction of the Budget for 1894 :—

It is somewhat late this year that I apply myself to the task of submitting the Budget to the Chamber. The exceptional circumstances in which the Chamber and the finances of the country alike are placed, rendered impracticable the earlier preparation and introduction of the Budget, in accordance with precedent, at all events with our precedent, at the beginning of the Session. Nevertheless, we submit the Budget within the statutable two months, and although it would have been preferable, if we could have done so, to have followed the established method and submitted the Budget early in November, yet certain advantages are afforded by the delay. We have now before us the returns of the last Budget in full. We have also the returns of the current Budget as regards the Revenues which are realised in the year almost in full, for we have on nearly all the Revenues of 1893 the returns up to the 30th November, and on some of them we have as well the returns for December. In so far, therefore, as we have to deal with Revenue which is estimated and realised within the year, there are wanting only the returns of a single month, or, indeed, of less than a month, for the accurate knowledge of the grounds on which we can forecast the future. Examination of the returns on the completion of the Budget of 1892 puts us in possession of all the elements, for the provisional situation, which is a provisional return for 1892, has now been published for some days in the *Official Gazette*. From this situation every one could form an opinion on the result of the hypothesis on which the figures in that Budget were based, and I think that events now show that the Budget of 1892 was drawn up with consummate accuracy. The examination of this point is of the last importance, because in the same manner in which the Budget of 1892 was drawn up, was drawn up the Budget of 1893, and on the same basis as regards the manner of arranging the Estimates has been drawn up the Budget of 1894, which I am now submitting to the House.

On introducing the Budget of 1892, I told the House that that Budget, which was the second submitted for the year 1892, did not result in a perfect equilibrium, because it resulted in an estimated surplus, although not in a realised surplus. On the contrary, it resulted in an actual deficit as compared with the Expenditure. I

represented especially that the deficit was greater than it appeared, because the Budget of 1892 included extraordinary receipts which could not be reckoned in later Budgets, and could not be considered as appertaining to a stable Budget. An example of this was afforded by the receipt of 2,600,000 francs, which the National Bank had deposited in the Treasury in order to compound for its annual payment to the Treasury of part of the proceeds from the circulation of notes. The Budget of 1892 had, moreover, certain other points of difference in its Revenues on account of its including the total annual Revenue from the fund for municipal education, which for that year was amalgamated with the State Treasury, while it did not contain all the expenses of the year. In certain other cases it included receipts which would not be repeated in succeeding years. I said, when I introduced it, that that Budget resulted in an apparent surplus, but this surplus, amounting to about three millions, ought not to have been considered a real one—on the contrary, it ought to have been regarded as indicating the probability of a deficit in the Revenues, as compared with the Expenditure, of an equal or higher sum. That is to say, while there is always a difference between the estimated and actual receipts, that year the difference was greater than usual—a difference of seven or eight millions, and the surplus of three millions corresponded to a deficit of four or five millions.

Such was the promise of the Budget of 1892. Now what were the returns, to be compared with this promise? You all have before you the tabulated statements, and you have studied them without doubt. The table I have before me is the one published in the *Official Gazette*. From it we see that the estimated returns exceeded the figures in the Budget of 1892. Whereas the estimate of Revenue for 1892 promised 103,550,792 francs, there were estimated in this provisional return 104,277,877, that is, there were estimated in excess of the Estimates of the Budget, 725,085 francs. But this increased estimate, in the course of the year, left arrears, to be found in the same table, of the difference between 94,882,884 and 104,277,887, that is, arrears of 9,394,993 francs. This actually realised sum of 94,882,884, less than the estimate of the Budget of 103,550,792 by 9,394,393, is not less than the sum which we expected at that time to be realised, because although the arrears in the actual receipts were greater than were estimated in that forecast, yet the estimate of the returns was higher than that forecast, so that the return was scarcely affected by this, while on the Expenditure there supervened economies which rendered the final return more satisfactory than the

Budget forecasted. Whereas we had estimated the Expenditure at 99,986,000, only 97,340,000 were spent, and that, too, when it was necessary to carry out Laws and Royal Decrees relating to supplementary and extraordinary credit, increasing the allowed Expenditure by 4,833,000 francs. That is to say, the credit originally stated as 99,986,000, or nearly 100 millions, we find now increased to 104,819,000. Of this there were expended in reality only 97,310,000 francs, so that in the Expenditure voted by the House in the original Budget we have an Expenditure of 2,645,000 francs less. Accordingly, at the present moment when the difference of actual Receipts compared with what was estimated as Revenue in the Budget is, as I have said, greater than was anticipated, yet, on account of economies of Expenditure in carrying out the Budget and the increased estimate of Revenue, the deficit does not come to as much as was foretold when the Budget was voted, and on the hypothesis on which the Budget was voted ; that is, in place of a real deficit of four or five millions we find only a deficit reckoned at 2,457,000 francs. But from this deficit we must make a further deduction, because we had to include Loans as well in the estimate. We had to calculate for a previous Loan for liquidating the 1,280,000 francs of the fund for constructing roads, but this Loan was not concluded, and is not, therefore, reckoned in the income actually realised. Accordingly, subtracting the capital of this Loan, subtracting the 1,280,000 francs from the apparent deficit of 2,457,000 francs, we have a deficit recorded of 1,177,000 francs, as opposed to the calculated deficit of four or five millions.

This illustrates the accuracy with which that Budget was drawn up. It is necessary to examine the Budget of 1892 from this point of view, because it must not be forgotten that, when the Budget was being voted, its critics said that the Budget, according to us, would entail a deficit of four or five millions, and it would leave, according to them, a deficit of twenty or twenty-five millions. Growing still bolder, they advanced as far as thirty and thirty-five millions. But all these millions have now vanished, even those which we ourselves prophesied have also subsided, and the deficit recorded is 1,777,000 francs.

Yet it is true that in the Budget of 1892 accurate reckoning was easier because it was not drawn up from the preceding year, as is the usual practice, and as, though somewhat late, the Budget of 1894 is drawn up and submitted. It was drawn up and submitted a second time

about the middle of 1892, when the returns of the first half-year were known, and when the character of the year as regards Revenue and Expenditure could be conceived of by its authors. Not the less, however, does such accuracy with regard to this achievement engender confidence in the returns of Estimates which do not give their results till their completion. We had stated at the time that we calculated the Revenue at the minimum, and it resulted from this calculation that the returns exceeded the Estimates, and since we calculated the Expenditure at the maximum, although supplementary and extraordinary credit was demanded which it was impossible in our system of reckoning to avoid, we succeeded on the whole in effecting a saving on the original Estimates.

Well, then, from this starting-point supplied by the returns on the completion of the Estimates for 1892, we pass on to the examination of the results of the Budget of 1893, which bear more closely on the work before us—the preparation and voting of the Budget of 1894. Since 1892, and particularly since the first months of 1893, such changes have presented themselves in the mercantile, industrial, and agricultural activities of the country, that the foundations of the Budget are much altered, and attention directed to the returns of the Budget of 1893 up to the end of November will aid us greatly in the accurate appreciation of the probable Revenue for 1894, to which we have now to look.

So great are the changes in 1893 that it does not suffice to examine that year, as the results of the completion of the Estimates are usually examined, that is to say, as a whole. We have to examine the particulars of that Budget from month to month, for we find most important differences between the individual months of that year. We see, that is to say, the first months affording returns similar to those of past years. But from the middle of the year we find the Revenue decreasing, a phenomenon resulting principally from the irregularity of the country's social condition, but in part from an exceptional incident, the splendid harvest, which is in every other way a benefit to the country, but in the case of the Budget has a result diametrically opposed to the results afforded everywhere else. In the Budget we find the actual Receipts from the duty on wheat lowered in a striking manner in the later months, and altering seriously the returns from the Customs on Imports.

But the result of this happy circumstance of the splendid harvest, following on all the misfortunes in the industrial, mercantile, and

social activity of the country, increases to an even higher degree the difficulties of the Budget. Yet so wide was the prudence exercised in the Estimates of 1893, that notwithstanding the condition of the country, notwithstanding the circumstances I have mentioned which bring it about that the Budget of 1893 does not offer the returns which we expected, we nevertheless find that here, too, the returns in most cases do not differ widely from our forecast. In some points, indeed, we find them exceeding it, and this on account of the great moderation in assessing the Revenue displayed by the framers of the Budget of 1893. The condition of the country acted on the Revenues derived from consumption, it acted especially on them and not on all those arising from indirect taxes, while as regards the Revenues derived from agricultural produce it had no effect. On the contrary we see these Revenues in their full vigour, and in some especially an altogether unlooked for increase. Thus, in the Revenue from the tax on olive oil we find a most marked increase, which shows chiefly the fertility of the year. It shows, moreover, in conjunction with the other Revenues derived from agricultural produce, that the condition of the country does not hinder cultivation, at all events up to the present, and that the favourable conditions, atmospheric and other, contribute, as at every other period, to the increase of the returns from the taxes. Taking thus into consideration the direct taxes, we find that these taxes, of which the returns are on the whole already known—for the expiration of the year is not needed for the complete estimation of the returns, at all events of the greater number—these taxes yield the following returns :—

From the tax on cattle used in ploughing, we have more than was estimated, 195,000 francs. From the tax on olive oil, which we had estimated at 1,101,000 francs, we have an excess of 2,240,000 francs : that is, instead of the estimated 1,101,000, we have actually realised 2,341,000 francs. From the tax on wine we have a slight increase of 11,000 francs.

M. DELIYANNIS: Are you speaking in every case of estimated Returns?

M. TRICOUPI: Yes, but in the case of the tax on olive oil, the honourable Member knows that the difference is very slight between Actual Receipts and Estimated Receipts, because the payment is made by farmers of the taxes who deposit a surety. We have, however, from the tax on live stock a loss of 349,000 francs on our Estimates. And so from these direct taxes we have a considerable

increase of Revenue—in the aggregate we have an addition to our Income over the Estimates of 1,164,000 francs. In the same way in our Revenues from public property there is no falling off. On the contrary, there is an appreciable increase in this department too, particularly from the permanent and provisional grants of land and plantations, but this refers rather to the carrying out of the Act, which progresses slowly, and must perhaps induce even a higher estimate of Revenue. We have, moreover, increase from other sources. We have an increase from the tax on release from military service, and this for no other reason than that we estimated the Revenue moderately in the Budget of the past year.

In other points as well we find indications that the situation did not affect the Revenue, as far as we were able to presume it. In the Revenue from the cutting of tobacco* we do not find a considerable increase on the Estimate, because the increase, which was presumed at the time of its construction, was stated in the Budget, but even here the increase thus estimated—for we estimated an increase of millions over the Returns immediately preceding—all these millions thus estimated were realised, and we have, over and beyond 72,000 francs.

We had reckoned the Revenue from tobacco at a probable consumption of 1,000,000 oques, and when we put this before the House, our Estimate was criticised as exceedingly optimistic. I confess that I thought, when the Revenue on tobacco was assessed in the Estimates on the consumption of 1,000,000 oques, that we should find the Revenue still higher, and I suppose that we would have had it higher, if the country had not fallen into the financial straits induced by the irregularity of the situation. Yet all that was estimated was realised, and we have even 72,000 francs more. This is an important fact in itself, but especially is it important in regard to the question which is incessantly before us whenever the insufficiency of the Budget is debated, for it is usual on every occasion to bring forward a monopoly in tobacco as the panacea for all the weakness of the Budget. On many occasions this question has been debated at length, and last of all at the period when from month to month the Revenue from tobacco was declining, and this was adduced as proof that the system was not successful, and that the substitution of a monopoly

* The tax on tobacco in Greece is paid at the time the tobacco is brought to the State officials to be cut by them into the form required for smoking.

for the tax on tobacco was the only remedy. It was alleged that this method of taxing tobacco at the time of cutting it could not be successful unless in the first year of its application, that its success might extend at the utmost to the second year, but afterwards it would fail, because those who seek for profit in violation of the law, are prepared for and give themselves up to a profitable undertaking. Yet it has been proved that the success of the taxation of tobacco at its cutting was a question of execution, and as soon as the conditions were changed under which the levying of the tax was carried out, it began to take an upward turn. The quantity of the consumption taxed rose to where it had been before, 930,000 oques per annum, and now comes to 1,000,000, and I believe that it would have reached even 1,150,000, if the condition of the country were normal. In any case, we have 1,000,000 oques as the taxed consumption, which gives a gross Revenue from all the tobacco sources of 8,300,000 francs, and a nett Revenue of 7,600,000. Assuredly no Monopoly Company could be found which would give this sum to the Treasury as a guarantee, or even a million less. We must keep this in view in order to put a stop to this bugbear of a monopoly on tobacco, since at last a system has been devised for taxing tobacco which pays the Treasury well, while it combines the necessities of taxation with the cultivation of this plant, and this is incompatible with the working of a monopoly.

Whereas, then, we have returns from the taxes I have mentioned in excess of or equal to the Estimates, while we have in the same way favourable returns from other taxes, as, for example, from the stamp duty, the improvement being reckoned at an income of 1,167,000, an increase even greater in reality, we have, principally from the early months of the year, an increase in the Revenues which do not affect agricultural products. But in the latter months we have a decrease of Revenue, bearing witness to the harm done by the irregular condition of trade. Notwithstanding this decrease, the increased Estimates of the Budget have been realised. This does not occur in the taxes on articles of consumption. The most important tax on consumption is that on Imports, and here we find an altogether extraordinary decrease, and we find it this year, independently of the tax on wheat. Whereas in the later months the importation of corn has been seriously impaired by the home-grown produce resulting from the excellent harvest, in the early months we have a considerable increase in the importation of corn, so that the general decrease this year in our Income from taxes refers to the other Imports. Now what is the decrease in revenue from Customs? Where we calcu-

lated in the Budget an income of 29,500,000 from the Customs on Imports, we should have—reckoning the income for December at the same ratio as that already known for November—we should have in the returns, a Revenue only of 22,000,000, or a difference of 7,500,000 francs less. To this difference in the Revenue from Customs must be added decrease in the other Revenues from taxes on consumption—for example, from petroleum, playing cards, and salt. Hence arises a disturbance in the Budget, because there cannot be taken away from the estimated Revenues a sum of 7,500,000 francs, and especially from Greek Estimates, without the deficiency being felt.

All this seriously lowers the estimated Income, although, as I have said, we find an increase at the same time. Yet subtracting the increase from the decrease we have a considerable deficit left, because the decrease in the Revenue amounts to a total of 8,436,000 francs, while the increase amounts to 1,378,000 francs. We have, then, about 7,000,000 on the wrong side. Here we must take into account certain other sources of revenue which do not affect production or consumption, but have rather an official character, as they affect the service of general administration. We had calculated a revenue from the contribution of the municipalities for the expenses of the police, of 1,800,000 francs. This sum would be absent from the returns of the Budget of 1893, because this tax did not exist while the corresponding expenditure did not exist, and in the view in which we considered the Budget, these figures had no significance. We have also another source of revenue which, in the view in which we have now considered the Budget, we could not regard as having much importance, and this was the extraordinary revenue from the coining of 1,500,000 francs, which, however, will increase by this amount the Income of the State, while the Expenditure will be increased on the other side only by 250,000, but it is a source of revenue which cannot be regarded as regular. In like manner there is no importance, in view of our study to procure a stable Budget, and it is in this view that we have now examined the Budget of 1893—there is no importance to be attached to revenue from the increased value of the gold deposited for some time in the Treasury on account of the duty on exports, and this revenue amounts to 1,650,000 francs, with a corresponding decrease in the tax of 20 per cent. From these sources the State Income will be augmented, and the balance, or rather the surplus, of 1893 is safeguarded—a surplus which, even apart from these sources, would perhaps be in existence, and on which I must insist because the critics of the Budget in this

House, even when it was submitted a second time, have generally regarded it as a fiction.

We have now come, in the carrying out of the Budget, to a stage at which the returns show clearly that the Budget as it was submitted was an accurate estimate. Although exceptional circumstances have lessened the Income considerably, although there was an increase in the income from exceptional sources, even without these exceptional sources there would have been a balance on the carrying out of the Budget of 1893, notwithstanding the general situation. Now let us see how this Budget works out, so far as one can at the present moment estimate its results.

The Budget of 1893, as it was constructed, presents a total surplus based on the supposition that there would be no increase in the rate of exchange for the payments on account of the Public Debt, but the whole of the surplus is put down in the Budget as a guarantee for the contingent payment of this increase or for the contingent aggravation of the Public Debt for other reasons. The sum thus stated in the Budget is 8,850,000 francs. This is the surplus of the Budget, from which, however, must be deducted a sum of 1,000,000, because the Budget includes an income of a million from a Loan for the construction of roads, which cannot be described as Revenue, and so the surplus from regular sources is 7,850,000. Now this surplus has vanished almost entirely owing to the decrease in the income derived from taxes on articles of consumption, and after adding in all that we have from the taxes on production, there will still remain as surplus the extraordinary Revenues I have mentioned, that is to say, from the striking of coin, and the increase in the value of the gold deposited on account of the taxes levied on Exports. Such would be the result of the Budget of 1893, if the extraordinary circumstances in which the country is situated financially did not impose a regulation of the Public Debt, radically altering our expenditure.

The Budget of 1893, which would have a balance and a surplus, if there were no necessity for paying at a different rate of exchange the Obligations entailed by State Loans, cannot be arranged on this basis, because, in order to free the Treasury from the necessity of paying at an increased rate of exchange the Obligation of the Public Debt, agreement to a Loan was demanded, which, however, was not given. Now the sum of 8,850,000 francs put down in the Budget, even if it were entirely devoted to procuring a Loan, would have been quite inadequate, especially in view of the increase in the rate of exchange, which took

place immediately on the assurance that the Loan would not be contracted, since as soon as the Treasury appeared in the light of a purchaser on account of its Obligation for 32,000,000 in gold per annum for the Public Debt, the rate of exchange would be many times increased. But even if the surplus of the Budget were sufficient for the expenditure arising from the increase in the rate of exchange, it would have been impossible to have made the payments demanded by the State debts, by providing for the rate of exchange, because our money market would have been unable to bear the burden of furnishing money at such a high rate. Our country, since it has a paper currency, unless this is regulated, would not be strong enough to furnish so much money in gold, and this is the reason that other measures were taken in regard to the Public Debt, measures which affected the whole finances of the country. In the Budget of 1893 these measures augmented the surplus considerably, but this increase has no value, in the view in which we have now examined the relations of the Income and Expenditure of the State in a Budget attaining equilibrium or surplus. We must, however, take into consideration the effect of these measures on the Budget, for it is on measures of this nature that we shall base the arrangement of the Estimates for the coming year, on which we are called upon to deliberate in this Session.

The first Cabinet which had to deal with the necessity of regulating the Public Debt in a manner not corresponding to the Obligations of the State, and not discharging them, had recourse to a system which may be considered as embraced by the Decree of the 30th May of this year. According to this system, a great part of the Public Debt, from the middle of this year to the end of 1895, would not have been paid, but been capitalised, would have given interest at 5 per cent. at once, with extinction of the Debt at $\frac{1}{2}$ per cent. from 1899. On this arrangement, the payment of certain Debts of the State, from June, 1893, and for the two following years, would have been made by a Funding Loan, resulting after two and a-half years in an increase of the Public Debt by 65,000,000 in gold. But at the present moment it would have taken from the Budget all the expenditure there estimated for paying off these Obligations, substituting the payment only of the interest.

M. RALLI : Why call it 65,000,000 ?

M. TRICOUPI : That is the calculation I find here.

M. EUTAXIAS : 60.

M. TRICOUPI : I find 65. But I think even 60 is enough.

M. RALLI : The Debt would not have been increased by 60,000,000, but an Obligation of 60,000,000 would have been recognised.

M. TRICOUPY : I say that the Budget of that year would have supplied a surplus in proportion to the sum owed, which would not have been paid, the interest only being paid. This sum would have been 65,000,000 in 1896 : that is to say, from 1896 the State would owe for the Public Debt the original Obligation of 32,000,000 in gold, but, besides that, 3,250,000, increased to 3,575,000 from 1899, for the service of the 65,000,000. Since it was agreed that the Funding Loan should have interest at 5 per cent. and extinction from 1899 at $\frac{1}{2}$ per cent., from that period we should have had an additional burden from the Public Debt of $5\frac{1}{2}$ per cent. in gold on 65,000,000, that is, 375,000 francs in gold. Even before that period—for the years 1896, 1897, and 1898, we should have had an additional burden of 5 per cent. on the same capital, that is to say, 3,250,000 per annum.

M. EUTAXIAS : According to your own system, how much would it be ?

M. TRICOUPY : The particulars of our method you will now hear. The system we are introducing differs in this : With regard to the provisional Arrangement, according to us all that is paid is reckoned as acquittance of a corresponding proportion of the Treasury's Debt, while according to the system contained in the Decree of the 30th May, this discharge does not ensue, but the Obligations are capitalised, throwing on the shoulders of succeeding Governments the service of the united capitals which the Cabinet of 1893 could not pay off.

M. EUTAXIAS : If your Loan had been agreed to ?

M. TRICOUPY : I am speaking by no means in a critical spirit. Criticism may perhaps ensue from what I have said, but I try to avoid any intention of that nature, as I wish simply to put before you the chain of circumstances as I conceive it. It may be that I conceive it in a way opposed to the conception formed by others, but I do not seek to raise opposition, restricting myself to the view of the situation supplied by figures. According to them, the Funding Loan would have deferred the discharge of the Obligations of the Public Debt estimated in the Budget, and accordingly the Budget of 1893 would have benefited by this non-payment, and we should have had thereby an increase in the surplus corresponding to the sums estimated in the Budget as payable in their entirety, which were not to be paid since they belong to the Debt capitalised till 1896. But the system contained in the Decree of the 30th May did not solve the problem with

regard to all the gold Obligations of the Public Debt. It solved the problem with regard to most of them. There remained, however, the Loan of 135,000,000, the Loan of 16,500,000—

M. RALLI : This one was included.

M. TRICOUPI : The Decree includes this Loan as one to be converted into a Funding Loan, but the other side refused its assent to the conversion, and since the Decree permits but does not enforce the conversion, it was not carried out. The provision was considered to furnish permission, but not to be obligatory. Accordingly the Loan of 16,500,000 was not brought under the scope of the Decree of May 30th.

M. RALLI : I must ask you to allow me to give a single word of explanation as to the reason why the Loan of 16,500,000 was not converted at the time and until the ratification by the Chamber. It was at all events, pointed out to the Government of that time by the Directorate of the Bank, which represented the entire group. They waited, in short, for the ratification of the Decree of May 30th.

M. TRICOUPI : The lenders waited for the confirmation of the Decree before coming to a resolution. What resolution they would have come to, on its ratification, no one can say. I suppose that even those who were immediately concerned do not know what course they would have pursued in that case, because they would have acted as the circumstances of the occasion suggested. The Decree did not regulate this Loan in the way that it regulated the others, that is to say, obligatorily.

M. RALLI : Once more I am compelled to interrupt. You know, and the House knows, that in the Decree of May 30th there were two Agreements, one signed by the Directorate of the National Bank, the Directorate of the Bank of Epiro-Thessaly, and of the Ionian Bank. The conversion of the Loan of 16,500,000, moreover, was reckoned among the obligations of the Funding Loan. All this shows that the conversion was completed, but it was impossible to register it until this House afforded its sanction.

M. TRICOUPI : The opinion entertained by the Department with respect to this Loan is—

M. RALLI : The Department knew nothing about it.

M. TRICOUPI : The opinion that the Department has—not had—is that the provision of Clause 12 of the Decree of May 30th did not

oblige the Bank to convert the Loan of 16,500,000 into a Funding Loan, and that the Bank intended to use the liberty accorded to it.

M. CARAPANOS : In substance, no result would have ensued, even if the conversion had taken place.

M. TRICOUPI : The question is not of the different result of the conversion of the Loan of 16,500,000 into the Funding Loan, but of the different result of the non-discharge of the debt on the Loan of 16,500,000 by the scrip of the Funding Loan. The service in gold of the Loan of 135,000,000, the Loan of 16,500,000 the Funding Loan, the provisional Loans, and the Loan of the Great Powers would not be accomplished under the Decree of May 30th by the payment of the Funding Loan scrip, but by gold from the Treasury.

M. CARAPANOS : Would the interest of the Loan be paid ?

M. TRICOUPI : The interest on the interest of those Loans which come under the view of the Decree of May 30th would be paid, and the entire interest of the Loans which do not come within the view of the Decree.

M. SYNGROS : According to the Convention made by the Cabinet of that time the question was of the immediate payment of the interest of the 16,500,000. Have we not reached a common denominator? The necessity in the Budget of 1893 would be the same.

M. TRICOUPI : The necessity in the Budget of 1893 would be the same whether the conversion of the Loan for 16,500,000 into a Funding Loan was accomplished or not. But it would not be the same if the Coupons on the Loan of 16,500,000 were paid by the Funding Loan scrip in the place of gold. On the conversion being completed, the Coupons of the Funding Loan, into which the Loan of 16,500,000 was converted, would be paid in gold. If the conversion were not accomplished, again the Coupons of the Loan of 16,500,000 would be paid in gold, since the provisions of the Decree of May 30th for the payment of Coupons by Funding Loan scrip did not extend absolutely to the Coupons of the Loan of 16,500,000. In gold, then, would be paid the service of this Loan, whether converted or not, as well as the Loan of 135,000,000, and the other Loans I mentioned. All these Coupons would constitute the gold obligation of the Treasury for the Public Debt in 1893, an obligation which would be followed by further disbursements on account of the high rate of exchange. It is necessary, then, to consider how far this payment would affect the Budget of 1893, that is, how far the decrease in the Expenses of the Budget, from the payment of the Coupons of some of the Loans by

Funding Loan scrip, would be neutralised by the pressure on the Budget from the payment of the other Loans in gold,—the additional expense on account of the high rate of exchange.

It is necessary also to examine another more important point—whether it was possible to procure the gold or the bills of exchange at any rate whatever, because in the case of impossibilities the exact calculation of the burdens on their performance is of no importance. As the Decree of May 30th was based on the payment of certain Revenues in gold, although it was recognised by the very Cabinet that drew it up, and published it, and put it into execution, that this arrangement was impossible—

M. RALLI : No, not at all.

M. TRICOUPI : That it was impossible for the gold to be procured, according to the letter and the spirit of the law, that it was impossible to realise a sum in paper higher than the whole sum, while the gold could not be realised, and, accordingly, that the problem of procuring the gold outside the market could not be solved by the Decree of May 30th—on this there was sufficient discussion in this House, and it is not now the time to enlarge on it. Since it was then necessary for the Government to take paper instead of gold, with which to go thereafter to the market and ask for gold, there was imposed on the Government, under the system of the Decree of May 30th, the obligation of procuring gold in the market for the service of the Loans I have mentioned, which it would have been impossible to obtain within the agreed time. The period allotted for obtaining and paying the gold was December 19th.

M. RALLI : For the Monopoly Loan ?

M. TRICOUPI : Yes ; but allowing even till December 31st, if we examine the Obligations of the State, what were they in gold ? The Treasury had to provide not only for the gold Obligations I have mentioned, but also for others, for which we are now ourselves providing, for it could not escape them. This is the reason that we see the exchange to-day still firm, because the Treasury is a purchaser. We have gone far enough in this direction, but we have not yet discharged all the Treasury's gold Obligations which, even according to the system of the Decree of May 30th would have remained in their entirety. In December is due to the creditors of the provisory Loans the Interest, with renewal of the Bonds. There are also Obligations for Interest in arrears. In this way payment is due for 1893 for the advances of the Great Powers, that for 1892 being still in arrears.

M. CARAPANOS : Has not 1892 been paid?

M. TRICOUPI : It has just been paid, and for this reason, as I have said, you observe a tightness in the exchange, because the market had to furnish the gold. But gold had to be furnished for all the State services. All the Ministries had arrears not admitting of further delay, especially since the irregular condition of the country's finances has been known. All this, according to the account I have in my hand, amounts to 3,871,000 francs gold.

M. CARAPANOS : For the services?

M. TRICOUPI : There are 1,748,000 francs from the debts in arrears of the various Ministries, 1,200,000 for payment to the Great Powers, 704,000 for a half-yearly payment for the provisional Loans in gold, 168,000 for a loan on account of the *cours forcé*, in gold. All these together amount to 3,871,000. To this would have been added, according to the Decree of May 30th, the service of the Loan of 135,000,000, for one half-year, and the Loan of 16,500,000, also for one half-year. That is, there would be an addition of 3,374,000 in all. In the month of December, therefore, there would have to be procured a sum of seven millions and several hundred thousand francs. Was this possible, I ask? Can our market provide within a few days or even weeks a sum of 7,275,000 francs in gold? I believe that this is impossible, in the position in which our market is to-day, and since this is impossible I think the Decree of May 30th, which had become inoperative before it was made null and void by this House which caused the payment in gold of taxes on exports not to be made—I think this Decree would be considered to have been justly abolished, when it was seen that due payment could not be made to those who have to receive gold for State Obligations, especially for the Loans. An arrangement regulating the Public Debt in a manner which would immediately engender evil consequences in the first period of the gold payments, was not destined to last. But if it had been found possible to enforce that arrangement, we should have had an additional surplus in the Budget sufficiently considerable arising from the payment of some of the Coupons, not in gold, but in Funding Loan scrip.

M. RALLI : I am compelled to interrupt you. You leave out of sight the correlative clause of the Decree of May 30th, according to which part of the anticipated payments would have been converted into Bonds of the Funding Loan. The negotiations relating thereto, you ought certainly to know, had advanced so far, that the Loan of

16,500,000, notwithstanding the opposition of the honourable Member for Syros—who none the less told me that he was in accord with—

M. SYNGROS : I ask you not to repeat it. You, Sir, came to me at the office of the Bank of Epiro-Thessaly and spoke to me about the affair. Not only did I tell you that I was in sympathy with it, but I pointed out to you the way to obviate the difficulty of the conversion. You thanked me as you left me.

M. RALLI : That is what I said, that the honourable Member for Syros was forced to tell me that he agreed that the conversion should take place. You are thus reckoning all the payments in advance which would have been converted into the Funding Loan. You reckon the Loan of 16,500,000, which would have been converted. Moreover, you reckon as Obligations to be met in December all those debts which for a long time you have left in suspension and on sufferance, and which have been in arrears for some years. And you ask if in December, if by the 19th of December, it was possible to find seven-and-a-half millions. There would have been no demand, under the Decree of May 30th, for seven and a-half millions in December. There would be, it is true, a demand for 600,000 francs for the Loan of the three Great Powers, which you had left in suspension from the past year.

M. TRICOUPI : I found that by the 19th of December we could not have procured as much gold as was needed merely for payment of the delayed remittance for the Loan of the Powers. Accordingly the sum which the honourable Member says could have been procured in time, could not be procured at all, in so far as we have to deal with Obligations, due in December, arising from Loans. Events proved to us that we could not by that time procure a sum insignificant in comparison with what would be owed under the arrangement of the Decree of May 30th, but under the later arrangement was not owed at all.

M. RALLI : After bankruptcy was definitely proclaimed.

M. TRICOUPI : I have said that this was 3,300,000 francs. In this sum I do not include the interest on the provisional Loans, for the service of these Loans is common to the two systems, nor do I accept the statement of the honourable gentleman, that the State was able to free itself from that service, on account of the patriotic zeal of the Member for Syros and the other lenders. The Member for Syros, we all know, is ready whenever there is any question of assisting the Treasury. But the Member for Syros has an affection for this kind

of work and for his country, and this is altogether a personal matter, and it is not permissible to base general considerations thereon, and especially Government Budgets. A Government Budget cannot rest on facilities which the Member for Syros would certainly supply if sought from him, but which cannot be supplied proportionately to the needs of a Budget in such difficulties as is ours.

M. RALLI: I can point out to you another patriotic Member, my colleague, M. Scousis, who was equally eager for the conversion of the Loan of sixteen millions.

M. SYNGROS: Allow me, Sir, to observe that I consider all your remarks to be groundless, because—

M. RALLI: Because my measure did not result in bankruptcy.

M. SYNGROS: I consider that your remarks are groundless, because even if the anticipated payments and the Loan of 16,500,000 were exchanged for Funding Loan scrip, the interest on all this capital would weigh heavily on the Budget of 1893, and it follows that the necessity for gold in 1893 would be such as the Prime Minister has stated. At the same time I have the honour of putting this to you :— By the attempted conversion of the Loan of 16,500,000 into a Funding Loan, one clear loss resulted to the State which I am astonished how those who were then dealing with the matter failed to observe. According to the Royal Decree of May 30th it was laid down that the Loan of 16,500,000 would be reckoned at 71 per cent.—a Loan which does not produce on the nominal capital more than 4 per cent. The Funding Loan, bearing 5 per cent. on the nominal capital, would be taken up at 73 per cent. The interpretation of this is that the holders of the Loan of 16,500,000 would receive 5 per cent. instead of 4 per cent. Because these gentlemen did not assent, do you therefore complain? Or do you forget that if, as you said, the National Bank awaited the ratification of the Funding Loan before making the conversion, the National Bank is a participant and would have acquired a privileged Loan bearing 5 per cent., in place of the ordinary Internal Loan which it had, bearing 4 per cent.?

I ask pardon, Sir, for this interruption.

M. RALLI: I, too, ask pardon, Sir. The question is of a new present which the honourable Member for Syros wished to make to the Treasury. It was his desire that the Treasury should not be at a loss, and, therefore, he would not take the Bonds for the Funding Loan at 73 per cent. with interest at 5 per cent., when from the other

Loan he received interest at 4 per cent. But all that the honourable gentleman says is quite beside the point, because, if it was projected that the Loan of 16,500,000 should be exchanged for scrip of the Funding Loan, this was determined after minute consideration, in order that the honourable Member for Syros should not lose a farthing, and should not, in his generosity, give a farthing to the State. In truth, the Funding Loan was thereby rendered safer, inasmuch as the guarantees furnished were more considerable.

M. SYNGROS : And the interest higher.

M. RALLI : Allow me to answer you, since the Prime Minister has the patience to hear me. You think the Government would be burdened by the interest of 3,500,000 in 1893. Not at all. The Government would be burdened with the interest in 1894 and not in 1893, with the payment of each series of Bonds.

M. SYNGROS : In 1893, because according to your Convention you would be obliged, at the time you issued the Loans, to remit immediately payment of the interest for one year.

M. RALLI : I beg your pardon. The Government would be burdened not with the interest on the advances, because it was owed, and not with the interest on the 16,500,000, because it was owed, and you did not, in your generosity, make a present of it.

M. SYNGROS : There was no question of rendering a favour.

M. RALLI : So I find. The question was of burdening the Government with the interest of the 9,000,000 in Bonds, which were given for the Coupons of July and with the interest on the Bonds which would have been given for the Coupons—

This was the Funding Loan. It had one great defect which I must mention. It did not fall in with the wishes of the Member for Syros, being out of the direct line to bankruptcy to take which he privately counselled the Government, with insistence and importunity, at the Ministry of Finance.

M. SYNGROS : At this stage of the debate I am unable to follow you.

M. TRICOUPY : I have not hindered the honourable gentleman in his interruptions, because, although I have explained that I have no intention of giving a political character to my utterances, yet since it is possible that, contrary to my desire, the manner of their expression may have suggested an import that could, in the opinion of the honourable gentleman, give place to erroneous interpretations, I was

unwilling to impose a restriction on the elucidation of the subject. You see, however, that the character of the debate is completely changed. Now, the honourable Member urges the question as to whether the Decree of May 30th proclaimed bankruptcy or not, and whether it were possible for any one to conceive of bankruptcy under the Decree, as if any one who wished for bankruptcy could not have been satisfied of it through that Decree.

M. RALLI : Not at all.

M. CARAPANOS : Do not allow these interruptions, Sir.

M. TRICOUPY : On principle I do not allow interruptions, nor do I think it right for the occupant of the Tribune to allow them. The House is not obliged to submit to the embarrassment caused by the indulgence of the speaker.

Necessity demanded the digression on the Decree of May 30th, and I could not let it pass by, because the Decree modified in its performance many of the Estimates of Expenses for 1893, and I had to show what were the results of the Decree in respect to the Budget of 1893, as I had also to show what would be the effect on this Budget of the Law lately passed relating to the National Loans, for the effect of this Act on the working of the Budget of 1893 is important.

The system consecrated by the Decree of May 30th, which, as I have said, could not be applied, because it would have resulted in the impossibility of obtaining the gold for the 19th December, necessary for the payment of the Coupons, which were not to be paid by the Funding Loan—yet so far as it was applied, it had for result that 11,449,000 francs estimated in the Budget for paying the Coupons, were not paid from the ordinary revenues of the Budget, but by the scrip of the Loan. Accordingly the Budget gives this sum as additional surplus. In like manner from the application of the Law lately passed relative to the Public Debt, the Budget would give as additional surplus the entire difference from the December payment of the Coupons on some of the Loans at 50 per cent. This difference is 6,356,000 francs.

Accordingly, we have altogether a sum of 17,800,000 to be added to the surplus of the Budget of 1893, from the merely partial payment of the State Obligations of the Public Debt, from the payment of the Coupons due in December on some of the Loans at half the interest, and from the payment of scrip in the place of money on Coupons due in July and October. Moreover, we have a surplus from decreased expenses in the high rate of exchange in the service of the

Public Debt, because, while the Budget sets aside for this purpose the surplus of 8,850,000, the Obligations of the service of the Loan were settled at a high rate of exchange by 4,600,000, so that we have from this a saving of 3,250,000, the allotted surplus being reckoned in the exchange not at 8,850,000, but at 7,850,000, by reason of the non-inclusion of the previously mentioned Loan for a million, which was not concluded.

If we calculate the Budget in this way we find a very considerable surplus for the year 1893. We have about 21 millions from these sources to be added to the slight surplus in which the carrying out of the Estimates would have otherwise culminated. This surplus is not a surplus in the Treasury administration, because the administration of the Treasury is independent of the Budget. In the Treasury accounts we find various deposits advanced for Loans not yet negotiated, and it is considered that for these advances the surplus of the ordinary and extraordinary Estimates is properly set aside. But the situation of the Treasury is not the question we have now to examine. We have now to examine the results of the arrangements made for regulating the Debt in the Budget of 1893, to bring to a conclusion our study of its workings, and from that standpoint proceed to the consideration of the Budget of 1894. In the case of the Public Debt especially shall we be able, from the Returns on the Estimates of 1893, to judge of the capacity of the Budget of 1894 to meet the demands of the State Obligations. Complete payment of the Public Debt is impossible. This is apparent at first sight to all who examine the situation as it is found to-day. So far the difficulty has been due to the failure of the country's resources alone, because the anomalies of the currency and the insufficiency of the capital in paper to pay elementary necessities, rendered exceedingly difficult the discharge of the State Obligations as regards procuring gold in the money market of the country and transmitting it abroad, unless measures were taken, which the collapse of public credit at last rendered fruitless.

But while the impediments originated up to this point in the country's incapacity to procure for the Treasury gold which it required in exchange for the paper that supplied its Revenue, to-day we see that Revenue lessened to such a degree that even if the country were able to provide the gold for the Treasury notes, the Treasury would be unable to pay for the gold from its own Revenue in paper. This has been already made clear to you by a single fact which I stated with regard to the Budget of 1893—by the decrease in that year as

compared with the estimated Income from the Customs on Imports—a difference of 7,500,000 francs less on a single tax, manifested in the Returns, not of all the months, but of the last months only, since the early months of the year showed about the same amount as those months in the preceding year. If we calculate on this basis the Révenue for the coming year, if we calculate the Income from the Customs on Imports on the average furnished by the Returns for the last months of 1893, and apply the same standard to the other taxes on consumption as well, the results at which we arrive are not encouraging. They are certainly of a nature to persuade us that whether this or that Member, this or that statesman, would have the incapacity of the State to discharge its Obligations proclaimed—whether this incapacity was proclaimed by the Decree of the 30th May or by the Act of the 10th December—this incapacity is an established fact, arising as well from the failure of the country's resources to furnish the Treasury with the gold necessary for the service of the Public Debt, as from that of the resources of the Treasury itself, in this situation which many events have contributed to induce, to give an equivalent value in gold to its paper, because such is the restriction of the State Revenues from the crisis at which we have arrived, that even if the paper were exchanged for gold at full value, the Treasury would not have sufficient Revenues for paying for the necessary gold in paper. To this conclusion are we brought by the returns on the taxes on consumption for the last months of the year, and it is on account of the serious import of this conclusion that you find me dwelling on these last months, on which the House must form a well-considered judgment, that it may give to the community complete knowledge of the situation engendered by these months. The Customs returns of the last months of 1893 give the measure of the Treasury's resources for fulfilling its Obligations for the Public Debt, apart from and independently of the country's incapacity to furnish in exchange for its paper the gold required by the Treasury. For this year, as I have said, there was no need to provide a considerable sum, since the Expenditure by reason of the high rate of exchange was only 4,600,000 francs.

M. TH. P. DELIYANNIS : For the whole year ?

M. TRICOUPI : Up to the present time and from the beginning of the year, but it includes the sum and the expenses for the high rate of exchange incurred this month by the payment in gold of the interest on the Provisory Loan and the Gold Loan for the *cours forcé*, as well

as payments on account of the advances made by the Great Powers both of that now due and that in arrears. But in estimating the sum necessary on account of the exchange, for the Public Debt of 1894 as compared with 1893, we must bear in mind that, in accordance with the Law relating to the Public Debt, the Coupons for December, 1893, are for the most part paid in paper and will burden our market as completely as if they were paid in gold, while they will burden the Treasury by the solid difference between the 50 and the 30 per cent., instead of a pressure from the following year because of the changing rate of exchange. But in so far as the system of the Decree of May 30th was applied in the year 1893, the necessary exchange on account of the Public Debt was not in proportion lower than that which results from the system to be applied in the year 1894.

Under the Decree, Coupons of 22,200,000 francs would be paid annually by means of the scrip of the Funding Loan. They would not, therefore, press the market for the acquisition of gold, but there would still be other Loans pressing the market as much as under the system of the Act of December 10th, 1893. Under this Act we should have in 1894 to pay in gold at 30 per cent, the Coupons of 7,463,000 as well as 900,000 for the Great Powers, again, 1,409,000 for interest on the Provisory Loans, and 170,000 for interest on the Gold Loan for the *cours forcé*—altogether 9,942,000 francs in gold. According to the Arrangement of the Decree of May 30th, which, as I have already said, could not have been applied as it was impossible to pay the sums due, under its provisions, in gold on the 19th December—granting that it could have been applied, we should have had to make in 1894, in addition to the payment by scrip of the Funding Loan, payment in gold on the Loan of 135,000,000 to the extent of 5,310,000 for interest and 380,000 for amortisation—631,000 interest on the Loan of 16,500,000 and 417,000 for amortisation—and 1,300,000 for interest on the Funding Loan. Altogether, 8,039,000 francs according to the Decree, as opposed to 7,462,000 under the Act, because the rest—the Loan of the Powers, the interest on the Provisional Loans, and the Gold Loan for the *cours forcé* are common to both systems. On adding in these with the others, in place of 10,350,000 for 1894, to be paid in gold for the Loans under the system of the Decree of May 30th, we should find that we have to pay 9,940,000 under the system of the Act of December 10th. That is to say, this provisional Arrangement, to be changed in proportion to the resources of the country, as it now stands would press in 1894 on the Treasury and the national market less heavily than the Arrangement of the Decree, and the same Arrangement of

the Act, in 1895, as compared with the Funding Loan under the Decree of May 30th, would impose a burden correspondingly less. While we should have even in 1895 to make the same payment of 7,462,000 under the provisions of the Act, we should have under the Decree to make in 1895 a payment of 9,240,000, apart from the burden imposed by increase of the Public Debt by the sum of the Coupons capitalised in the year.

The sum under the Act for provisional regulation of the Public Debt stated in the Estimates at 9,942,000, or in round figures 10,000,000, does not cover the total burden from this source. The payment would be made in gold, as also would the higher sum which, under the Decree of May 30th, is not comprised in the Funding Loan, while the Gold Debt involves an expense because of the high rate of exchange, and if we reckon this at 70 per cent., instead of 10,000,000, we should have an increase in the Budget of 1894 to 17,000,000, and adding in the other Loan Obligations—those to be paid in paper, whether originally or by conversion—and the supplies, we should have a complete list for the service of the Public Debt of 22,350,000 in paper. We should have, that is, 7,463,000 for the 30 per cent. on the Coupons for consolidated and extinguishable Loans—1,509,000 interest on the Floating Debt—41,000 for commission—and 900,000 for the advances of the Great Powers. In all, 9,913,000 in gold. There would be moreover 5,025,000 for Loans payable in paper, and 6,939,000 for the gold exchange at 70 per cent. In this way we arrive at 21,668,000 francs. To this must be added for certain naval expenses, credit notes and interest on deposits a sum of 490,000, and this brings the amount to 22,358,000 francs.

This sum total of the payment to be made in paper under the provisions of the Act would have been higher, if the Act had not regulated the Public Debt, and had sanction been accorded to the system of the Decree of May 30th. It would have been a little higher in 1894, that is to say, nearly half a million, still higher in 1895, or rather about 3,000,000, and the interest on the Funding Loan would have increased on account of the capitalisation of the Coupons of the previous year.

M. CARAPANOS : It would have come to an end in 1896.

M. TRICOUPI : In 1896 the capitalised sums would have amounted to 65 millions, and there would have been no further increase. I have already referred to this point in my preface to the introduction of the Estimates for 1894, because the study of the Estimates for

this year ought to have as its starting-point and its goal the disposal of the Treasury's resources in such a way as to lessen as far as possible the delay in fulfilling its obligations to the creditors of the State. For this reason it is necessary to consider carefully the utmost tension of which the resources of the Treasury and the country are capable, and we must base, as I have said, the study of these resources on the Returns of the last half of the year 1893.

The sum which the Budget must provide for the Public Debt under the Act of December 10th is reduced from the 35,000,000 of 1893 to 22,350,000 francs for 1894. This includes the extra expense incurred by the dearness of gold, which is 7,000,000, while the estimated Expenditure of 1893 omits expense under this head, nor could the Estimates of 1893 have been carried out, had the sum estimated therein for the service in gold of the Public Debt to be procured by the purchase of gold. Those Estimates presupposed a financial combination the failure of which left the Budget ineffective. In the Budget of 1894 the limiting of the service of the Public Debt has had to supplement the failure of the financial combination, but even after this restriction to 22,350,000, in place of 35,000,000 we must consider whether our Estimate is satisfactory, because if the Returns for the last part of 1893 were able, on one head alone, viz., the Income from Customs on Imports, to reduce the Revenue for the whole year by 7,500,000, the burning question that confronts us is, what then would be the reduction of the Revenue from Customs on Imports in 1894? On this point we ought to concentrate our attention, for the decrease in the other Revenues of the Budget is supplementary, increasing the Deficit or reducing the Surplus, but does not suffice to alter the character given to the Budget by the new phase assumed from the middle of the present year by the Customs on Imports, and the just appreciation of this phase will allow us to proceed to the Estimates in the confidence that we are dealing with facts, and not with vague ideas and desires. I have entered on the study of this phenomenon by dividing the Revenue into that derived from imported wheat, and that derived from other sources. With regard to the Income from wheat—whereas in the early months of 1893 we had a considerable excess of Revenue over preceding years, whereas in March, 1892, we find 5,535,000 quoes imported, against 8,767,000 in March, 1893; in April, 1892, 2,506,000, against 9,620,000 in April, 1893; in May, 4,375,000, against 7,962,000; in June, 4,693,000, against 10,008,000; and in July, 3,666,000, against 7,172,533—in August we find an abrupt lessening of the difference, viz., 3,257,000, against 4,958,000; and after August we find matters

inverted, viz., in September, 5,563,000, against 3,987,000 ; in October, 11,868,000, against 3,462,000 ; and in November, 13,727,000, against 3,798,811.

Such a decrease as this in the Imports for the last months of the year did not permit of our receiving large sums from the duty on imported wheat in the present year, and it was decided to deduct from the realised Receipts of 1893 from the duty on corn, 2,000,000, and estimate the rest as Income for 1894. This estimate appears a safe one, and perhaps below the probable Return. As regards the other Imports we could have estimated the Returns for 1893 as the probable Returns for 1894, or we might rather consider the Returns for the last months of the year as the type of the probable character of the Returns for 1893. If we adopted this view, the loss on the whole year would be very serious, but we regulated the deduction on more moderate proportions, limiting it to 2,000,000, and thus estimated in the Budget of 1894, 18,000,000 from duties on Imports against the 29,500,000 estimated as realisable from these duties in the Budget of 1893. That is to say, we have estimated 11,500,000 less. But this reduction of 11,500,000, on the Estimates of 1893, is only 4,000,000 less than the Returns on the completion of the Budget of 1893, because the realised duties on Imports for 1893 would be 32,000,000, or a very little more. The Returns of the Revenue from taxation in 1892, without the great addition to the Customs which have succeeded that time, were 26,758,000 francs. Thus, although we shall realise in 1894 on a heavier tariff, we estimate our realisations far lower, in the good hope that circumstances will be less unfavourable to the country, and give rise to a higher Revenue, while we have confidence that we are unlikely to realise a lower Revenue in this branch of the Estimates. Nevertheless, this reduction of 11,500,000 in the estimated Income for 1894, tends to neutralise the results of a decrease in the estimated Expenditure, which the limiting of the 35,000,000 to 22,350,000 for the credit of the Public Debt achieves. This is not the only reduction from the Estimates of 1893 that we must make in the Budget of 1894. To the estimated Revenue for 1894 we ought to transfer all the differences by which the Returns of the Revenue for 1893 were altered, and which the financial condition of the country and other circumstances render probable in the future as well. I draw your attention to these limitations in the Estimates of 1894. I mean the differences of expansion and reduction, between the Estimates of 1894 and the Estimates of 1893, suggested by the Returns of the Budget of 1893.

We have in the estimate of Revenue in the first series the direct taxes, and as I have said, the Returns on these for 1893 were not only not discouraging, but on the contrary were favourable. Especially was the difference in the increase from the tax on olive oil considerable, but for the coming year this is reversed and we have not the benefit of it in the Estimate for 1894.

M. RALLI: At what do you estimate the income from olive oil in the Budget of 1894?

M. TRICOUPI: From the tax on olive oil we estimate 900,000, against the estimate for 1893 of 1,101,000, but also, as I have said, against the 2,340,000 estimated in the Returns and actually realised. Perhaps we have estimated for 1894 a sum in excess of what ought to have been estimated. This point will be examined in the more detailed survey of the Committee, when we will give our reason for estimating this sum.

From the tax on cattle used in ploughing there was estimated in the Budget of 1893, 2,572,000, while there is estimated in the Budget of 1894, 2,700,000, because this sum is afforded by the application of a system of valuing the Estimates, by which, from our having realised on it last year, we considered we ought to abide. This consists in the regulation of the probable Estimate by the average of the Returns for the last three years, preference, however, being given to the Returns for the last year, wherever the Estimate of the Returns was in that year below the average. Accordingly we have 2,700,000 as the probable Estimate of the tax on cattle used in ploughing. But for all the direct taxes not applying to agricultural production we must make our Estimate for 1894 lower than in the Budget of 1893. Thus it is with the tax on live-stock, for which we have not used the system of regulating the Estimate on the average of the three years, but have used the Return for the present year, which falls short of the Estimate by 350,000. In the case of the tax on professions, the tax on buildings, and the tax on the nett profits of anonymous companies, we considered that there was a special reason for making our Estimate for 1894 lower than that made in the Budget of 1893, for the financial situation of the country, if intensified, could not but affect the professions, at all events in the large towns, and could not but affect in them the tax on buildings also, and it has been proved by their balance sheets that it has affected the profits of anonymous societies. We have estimated, therefore, for the tax on professions 3,450,000 francs, instead of 3,637,000 francs; for the tax on buildings 2,380,000, instead of

2,578,000; and for the tax on nett receipts 200,000, instead of 368,000. These are slight differences which must be noted for the sake of accuracy. But there are other more considerable differences. Besides the tax on Imports, we have further another tax, giving for 1894 a lower Estimate than for 1893, but this is not on account of reduced production or reduced consumption, for the tax in question is that on the distilling of spirits, which is at the same time a tax on consumption so far as it falls on spirit drinkers and a tax on production so far as it falls on spirit makers. This tax has been abolished in regard to spirit makers of classes 1 and 2, and on its abolition it gave up 460,000 francs in 1893.

From the monopolies is estimated a reduction of 666,000 francs. A reduction is estimated in the same way in the income from emery, for the Returns for 1893, giving only the half of the Estimates, suggest for 1894 a reduction for the coming year of 400,000 francs, although for the second year of the application of the system an increase in the Revenue is expected. We shall have for 1894 a loss also from the past payments of the Services. This is an established fact, confirmed by the Ministry, and the loss is 1,270,000 francs. A loss of 700,000 francs is noted from the income from the Municipalities for local education, while the million estimated in the Budget of 1893 on the score of a Loan for liquidating the Treasury transactions in the construction of roads is removed.

Such are the reductions, compared with which the increase appears altogether insufficient and insignificant—688,000 from grants of land and plantations, 200,000 from compensation for freedom from military service, 138,000 from stamps, and others of less importance. Thus, the Estimate of Income for 1894 appears exceedingly restricted as compared with that for the present year. The Estimate for this year is given at 111,701,000, while for 1894 it is 96,229,000. But since the realised sums fall in every case short of the Estimates, particularly in the income from direct taxes, it is imposed on this House now, when on the Returns of the Estimates depends the decision as to the Treasury's resources for discharging its promise in respect to the Public Debt, to vote the Budget in its complete and positive expression of the probable realisation, instead of voting the probable Estimates of Returns. It has always been possible to make a general distinction in the Estimates, the Budget being limited to estimating the Returns. Now, however, a distinction will be made in every detail, and on this account the estimation of the probable deficit will

be surer, while the probable deficit will be deducted from the figures which obtain legislative sanction. Up to this point, as I said a little while ago of the Budget of 1892, when introducing Estimates which surpassed the Expenditure by a definite amount, we have indicated the deduction of six or seven or eight millions to meet the probable realisation, deciding to apply this deduction to the twenty-seven or twenty-eight millions from taxes not realised in conformity with the Estimates, or without the estimated realisation assured, but not to apply it to the seventy millions or more from taxes realised in conformity with the Estimates, or with the realisation of the estimated Returns assured. To other details we did not apply this distinction. Now, however, we have made a distinction in every chapter, article, and section of the Budget, so that every one can form his own opinion as to whether we were right or not in our estimation of probabilities.

M. CARAPANOS : Especially of the Estimates of the Returns and the realisation.

M. TRICOUPI : We place side by side with the column of the probable realisations, which will receive legislative sanction, a separate column of the probable Returns which will not appear in the Estimates to be voted, since it is only supplied for this House to study. And so, estimating now, as I have said, 96,229,000, we illustrate by the detailed comparison of this with the estimate realisations the meaning of the 87,134,000 which will cover the whole of the estimated realisation in the Revenue. The study of the difference between estimate and realisation is now easy, because tables keeping them distinct in each article and section are appended to the Budget of 1894, while I have now made known all the sums from which there arises a difference of 9,095,000 above rather than below the mean difference. This has been estimated as it results from the particular valuation in each article, while regard has been had to the present situation of the country, which in some taxes—not in all—will render difficult the ratified realisation of the Estimates.

It is now superfluous for me to dwell on this subject, on the difference between the realised Receipts and the estimated Returns, to correct the mistaken impression prevalent in many minds that the whole difference defines the Treasury's loss. It is unnecessary to point out how this difference is recovered in successive Budgets as a legacy from the past. But whatever may be the import of the arrears relatively to the complete loss to the Treasury, and certainly it is not such as many represent it, and as it appears at first sight—in the

Budget it does, however, have a definitely calculable meaning, for the Budget estimates in the realised Receipts the Receipts of the arrears as well.

Accordingly what the future Budgets will realise from this difference each Budget regains on an average from the arrears of the one preceding it, and the differences in excess or deficiency in the individual Estimates do not alter the significance of the general result. Since then the Estimates give the realised Receipts of the arrears of the past for this sum of 87,134,000 as the probable realisation for 1894, the State Expenditure must be limited in the coming year, in order that we may not arrive at the necessity of having recourse to extraordinary sources for meeting a contingent deficit. The manner in which the Estimates and realised Receipts have been assessed leads me to believe that if matters continue as they now are, the Returns and the realised Receipts will be higher than the Estimate of the Budget.

But if the improvement we all look forward to should manifest itself, the Returns and Receipts will be far higher, but it is not admissible to rest our considerations when regulating the Budget on expectations of this nature. In the Budget we must regard the situation which is at present before us. It is improbable that the financial situation will become worse, while it appears impossible but that some improvement should take place, but this situation must be the starting point of our action, and in order to take this starting point in the calculations of the Budget we had to estimate the probable results of the application of the laws on taxes for 1894, as suggested by the present outlook of the country and the Treasury, and this is the character of the Estimates here offered.

We have now before us the examination of the Expenditure, which we shall meet by the actual Receipts, and for the definition of this Expenditure we shall take as our guide and foundation the Budget of 1893, and also its Returns so far as they are known, both in respect to Expenditure and to Income. I have said that, with regard to the Public Debt, we have for 1894 a reduction in the Expenditure of about 13,000,000, but, as you have seen, the realised Receipts, contracted to 87,000,000, are likely to absorb the whole of this sum, unless we are more sparing in the regulation of our Expenditure.

I do not desire on the present occasion to say anything about the Budget having a more general signification, in view of the measures imposed on the State by the necessity of providing for the more

satisfactory fulfilment, as far as may be, of its obligations for the Public Debt. But I cannot pass over in silence some of the suggestions made in this House, and these suggestions to which I allude show that ideas which spring from a just appreciation of the Budget and the financial situation do not prevail with all. We find submitted to this House proposals, bearing the signatures of several Members, for the abolition of some of the more fundamental taxes—an abolition which would be beneficial to the country and which perhaps might be considered if the country were in a flourishing situation, but which, proposed at this time, shows what mistaken views are held of the finances of the State, views which go so far as to conceive of the situation as a flourishing one, because it is only in the satisfactory position of the country's finances that the abolition of these taxes could be taken under consideration. These taxes, at all events the greater part of them, are the first for the reduction of which, and perhaps even for their abolition, the State must provide, but certainly the present situation points to anything but such considerations. And yet we find such proposals submitted.

If those gentlemen who make these proposals had had before them the Returns of the Budget of 1893 from September, and had had to study the Estimates for 1894 which are suggested by the present circumstances, they would not submit proposals for the abolition of the land tax, the tax on wine, the tax on live-stock, or would others propose the abolition of the tax on education ; or others again make proposals for improving the naval service and the military service by measures which we all regard as salutary both for these services and for the nation, but which are certainly not permitted by the financial resources of the country. If they had been taken into view and the finances of the State regulated upon them we should have had a difference in the Estimates of several millions, because the taxes of which the abolition is proposed and the credit of which the increase is suggested, are among the principal elements of the Budget.

I had to speak on this subject now, although I am confident that after studying this question the Members who make these proposals will not think of taking any further action. I had to refer to them on this occasion, to anticipate such action, because proposals of this nature may perhaps be misinterpreted and taken to bear witness to a want on the part of this House of proper feeling towards the creditors of the country, who suffer from its incapacity. This is not their intention. The proposals arise, as I have said, from imperfect acquaintance

with the country's financial situation. But now that the real state of the finances of the Government and the country has been laid bare before the House, I think it right to draw attention to them, that such schemes which, on becoming known outside this place, can do harm to this House and to the country, may be stifled at their birth. With regard to the question of Expenditure, the Returns for this year bear witness that in most cases the Budget has been carried out in the terms of the Estimates. As in the Budget of 1892, after estimating extraordinary and supplementary credit to the extent of 4,830,000 we have a diminution on the original Estimates of 2,645,000, I do not doubt that we shall have on the complete performance of the Budget of 1893, although here too we vote supplementary and extraordinary credit, a considerable reduction of Expenditure. But these increases by Acts and Decrees call for examination as to whether they arise from an imperfect estimation of the necessities of the Budget, and accordingly whether they also suggest the Estimate in the Budget of 1894 of enhanced credit.

It is understood that in speaking of extraordinary and irregular credit, I do not refer to the Larissa Railway, which is being constructed by a Loan, and cannot be constructed from the regular resources of the Government. The expenditure will be included in the State Budget, but it cannot be supposed that the Railway could be constructed from the surplus of the ordinary Revenues. The Larissa Railway, it goes without saying, will be handed over finally to a Company. It can certainly be handed over when the Government undertakes obligations corresponding to the risk of loss to which the Company is exposed. The final stage of the Railway will be achievement of the work, and its administration outside the Budget, which will support only the annual service or guarantee that would possibly be entailed by the agreement with those who take over the construction and exploitation. But to this stage we have not yet come, and we have now to provide from the resources of the State for the continuation of the work until the bargain I have mentioned has been closed.

This provision, however managed, whether by a direct Estimate in the leaves of the Budget, or by permission for supplementary credit granted by the Act on Expenditure, or by extraordinary credit alone, may give rise to debate on the method to be employed, but can meet with no substantial objection. The resources of the Government in the surplus of the current or past Budget will suffice for the continuation of the Railway until it is handed over to a Company. With regard,

then, to the expenditure for carrying out its construction there is no question, except in so far as discussion may arise on the method of supplying the credit. This is not the time to enter into a thorough examination of the question of this Railway. There will perhaps be a special debate on the subject on the occasion of submitting the credit to this House, and perhaps also on the occasion of regulating the relations of the Government and the Company that is constructing the Railway, for this Company at the last moment is not keeping its contract, since at the present rate of progression, it will certainly be unable to finish the work within the time stated in the Agreement.

The Government on a previous occasion had come to an understanding with the Contractors to settle existing differences by arbitration. This arrangement removes all difficulty in the event of the infraction of the Agreement. Although the progress of the work was facilitated in this way, the problems arising in connection with the Larissa Railway seriously affect the Budget, whether we talk of continuing its construction from the Treasury account, or by supplies, or a guarantee, or handing it over to a Company. But besides the credit on account of the Larissa Railway we have other supplementary and extraordinary credit in the Budget of 1893, which must be carefully studied in arranging the Estimates for 1894 in order to decide whether the Expenditure was really unforeseen so as to justify the procuring of supplementary and extraordinary credit by Decree or Act, or whether the necessity for it originated in an imperfect survey of the position at the time that the Estimates for 1893 were constructed, and in that case the insufficient Estimate for 1893 must be rectified in the Budget of the coming year. This is not of importance for part of the supplementary and extraordinary credit, especially since that for the Ministry of War has already been debated in the Chamber, and the reason for it was then shown. The Estimate for 1893 was adequate at the time it was made, while subsequent events for the most part rendered the credit necessary, as in other cases they rendered it superfluous. The supplementary and extraordinary credit for Public Works, not yet discussed by the Chamber, is far more important. Here we find a difference in the Expenditure beyond the estimated credit so great that the Estimate has the appearance not of being made in accordance with the need, but with the representation of a return entirely different from the actual case. It is here that we must direct our attention to-day in dealing with the Estimates. If on a previous occasion we had insufficiently estimated the sums multiplied so many times during the present year, we must now correct the

deficit, but we must abide by that Estimate if we are persuaded that it can be carried out as it was then made, when 450,000 francs were named for the construction of roads, while 1,700,000 francs are required as supplementary credit. At first sight one would certainly suppose that the Estimate for 1893 was a faulty one, and would decide that it was wrong to apply the same method for 1894. And here we ought, now that we are discussing expenditure of this kind, expenditure considerable in quantity and character, to enter into some detail. We must consider if there be indeed, from past authorisation of Contracts, a Bond to compel us to expend in 1894 as well, the inflated sums which are shown to be unavoidable for 1893. The simplest method by which the House can inform itself of the situation is to examine the approved Contracts, that it may decide to what extent they induce Obligations beyond those estimated, for you will find in the Budget of 1894 as well, an Estimate, which we had in 1893 for 1,790,000 lower than was found to be necessary in the actual working. The roads in the three categories—national, provincial, and municipal—for which authorisation was given, entail on the aggregate an expenditure of 19,723,000. Of this there were paid 14,136,000, and accordingly 4,700,000 remain owed.

M. CARAPANOS : For national roads too?

M. TRICOUPI : National, provincial, and municipal. The national roads entailed an expense of 17,580,000, the provincial 1,475,000, and the municipal 667,000. Now, after paying 14,136,000, there remain Obligations to the extent of 4,700,000. Contracts authorised at a sum of 1,300,000 have been dissolved, and the authorisation is accordingly limited to 3,400,000. There have already been issued orders for which the House may consider the credit provides 1,350,000. Subtracting this sum we find a remainder of 2,050,000 as our obligation. In the opinion of the Government, now as well as before, we can spread out this obligation into credit for half a million per annum. It was maintained in the Chamber in opposition to this view, at the time that the credit was debated, that the Agreements could not be dissolved, and that it was impossible for their terms to be carried out in a manner that the Government would consider adequate, by reason of the distribution of the entire Debt over a period of four years. I cannot now enter upon an explanation of the Decree which regulates the performance of Public Works, and which permits the Government to dissolve the Contracts without great loss to the Treasury, and to arrange for their being carried out in like manner without indemnity, which would seriously embarrass the works.

I will take this opportunity of saying, with reference to the credit, that, as has now been abundantly shown, in the opinion of the Government, the case is as I have stated it. This is not only the opinion of the Government, it is also the opinion of the Department. I had to seek its opinion on this question, and I had many occasions for discussing it, more particularly because, in a debate on the subject of the credit last session, I had heard that the Department believed that it was impossible to carry out what I said, that is to say, the performance of the terms and the dissolution of the Agreements. Now I adduce written proof of the Department's belief that the two millions for the authorised Contracts could be easily spread over a period of four years in accordance with the Decree. On the basis of this confidence and this representation we have held to the original sums, and the increase that supervened during the working out of the Budget of 1893 will not appear in the Budget for 1894, which will on the contrary give an Estimate of the same sums that were given in the Budget of 1893. These Public Works are the more important in our study to restrict the Expenditure, because the failure of balance in Estimates is chiefly due to the military and naval expenses and the expenses of Public Works. Here is the source whence spring anomalies in the estimated Expenditure of different States.

But with us the Estimates of expenditure for the Ministry of War and of Marine have been limited to such an extent that proposals for developing the expenditure alone have place there, and criticism of this expenditure as superfluous could not even be meditated. In the case of Public Works there has likewise been a considerable suppression of expenditure in extraordinary channels. There remains the Larissa Railway, which is being carried out by a Loan, and which will be hereafter carried out by extraordinary means, or by a Company, and there remain also some trifling works for which I think the credit already voted will be sufficient—the Palace of the Crown Prince, the baths of Hypate, the widening of the Straits of Euripus, and the Diacopty-Calabryti Railway.

To complete these it will be unnecessary to devise fresh means, as those already in existence are sufficient, and so the credit which has been voted will be ample. In this way we shall not have an extraordinary Estimate for Public Works, while there will not be taken in hand works other than those estimated for in the Budget. But since the Estimate in the Budget is shown to be inadequate, we shall submit a Bill, already prepared, to amend Article 24 of the Law on

Public Accounts in a way which will render impossible the repetition of what has been done in some of the Public Works, and particularly in the case of the Crown Prince's Palace.

The construction of this palace was arranged for at an Estimate, authorised by the Chamber, of 500,000 francs, reduced in the tendering to 370,000, but the expense will mount up once more after this great reduction, since certain additions to the plan of the edifice have not been completed—it will mount up, notwithstanding this reduction, to a million. This we shall discuss in greater detail on submitting the credit. I have brought this forward only to show that Article 24 of the Law on Public Accounts, which appears to afford every safeguard, affords none at all, since the Government finds itself confronted with obligations, in some cases incurred no one knows whence. On a former occasion, when the Ministry of Justice had been repaired and extended, the order for paying the Contractor was left unsigned for years, because it was uncertain who had given the authorisation of the Contract, and on what credit it had been decided to carry out the work.

Now, all expenditure on public works will be restricted by law to what the law especially enjoins, and no Agreement which has not been contemplated by the law will be considered to hold good. With respect to the credit assigned for these works general provision will be made in the amendment of Article 24 of the Law dealing with public accounts. Thus we shall bring it about that no expenditure will be made for public works without permission, and sums will not be estimated in the Budget with the risk of exceeding hereafter the limits originally defined. The sums now estimated in the Budget for carrying out public works are very small, but there still remains, as I have said, outside the Budget, inasmuch as it was impossible to include it there, although the sum is not immoderate, certain credit which will be so arranged as to afford a reduction, as in the case of the Crown Prince's Palace. Limiting in this way the expenses of the Ministries of War, Marine and Public Works to the lowest terms, in the rest of the Budget we have only to provide for not being carried away by the circumstances of our undoubted need, from which our present position does not allow us to escape.

It is indisputable that on the whole Budget we can by increasing the credit induce improvements which may even develop the services and make a just return to those who work with advantage on their behalf. But the present time does not admit of an increased expenditure for such objects as these. Economy in our expenditure

would be suggested by my statements in regard to the Government Revenues, but further economy is impossible because we practised it to the utmost limit, and beyond the due limit in the Budget of 1893. Only, as special circumstances have created new and unavoidable needs, we must make provision for them. Thus, in the Estimates for the Ministry of Education you will find an increase in the expenditure based on a special Law which we intend to bring forward. This increase results from the Law on educational taxes, because by this Law we have deprived the University of revenues of which, irregularly, and, perhaps, not legally, it has been in receipt for years, and which have supplied the undoubted needs of the University.

But now that the educational taxes have been regulated, the University ceases to receive these taxes, and the obligation is imposed on the Government of making up what was lately paid by the University receiving these revenues, and in this way the entire sum expended by the University on its laboratories, museums, etc., is taken up by the Treasury since it has deprived the University of the educational taxes it has realised. There is nothing in the other services particularly calling for the attention of the House in this general survey. The expenses of some branches are higher, of others lower than before, according to the circumstances of the case. But in the aggregate, although a certain increase of Expenditure is apparent in the final result of the Budget, in comparison with the Budget of 1893 the expenses are the same, and the increase is observed because the first application of new laws has shown the necessity of estimating more fully than in the Budget of 1893 for the expenses of the Government Police and for certain other cases on which it is now superfluous for me to speak.

Thus the Budget of 1894 gives the result that on an estimate of 96,229,000 francs we have realised Receipts which make up the official Estimate of 87,134,000, while we have an Expenditure of 86,370,000. And so the surplus is 763,000, but not on the estimated Returns, for on the Returns we have a surplus of 9,859,000 francs. Does this surplus give the exact representation of the Estimates? I believe that there will be no one this year to repeat the usual objection to the return presented by the Estimates, that it is a fiction. No one could repeat it this year after the proof I gave, at the beginning of my speech, of the accuracy of the Estimates in the Budgets of 1892 and 1893. The completion of 1892 showed that the Estimates were on the whole below the actual Revenue, and above the actual Expenditure, that our Returns were higher than we expected and promised.

For the Budget of 1893 we have not as yet a complete Return, as for 1892. But we have the Returns sufficiently advanced for every one to recognise in the provisional situation the justice of the arrangement of the Budget and of the system of estimating the Revenue at the lowest figure with the Expenditure entire. But I think that even if we were without the completed Returns for 1892 and the provisional situation of 1893, no one could doubt our representation of the Returns for 1894. If any one entertained doubt at all, he would rather object that the actual return is even higher, or at all events as much as is demanded by the cautious estimate of the Budget.

With those who hold such an opinion I too, in certain points, would wish to be ranged, because I hesitate to believe that the Budget will return a surplus only of 763,000 francs. I am of opinion that the surplus will be millions, and possibly not a few. Since I am possessed of the confidence that there will be a perceptible improvement in the present situation, I do not deem it beyond the bounds of possibility that we shall find the surplus of 763,000 considerably augmented on the completion of the Budget of 1894. But this sum will certainly be increased in a stable Budget based on action which must be systematically carried out for the restoration of our finances. Such action cannot but culminate in a result, and cannot but reopen to the country—I do not say to the Treasury, but to the country—the gates of confidence, and then assuredly shall we have such a surplus as this. We shall have sums corresponding to the surplus witnessed in the Budgets of the past, for from the actual Receipts from Customs alone—and these reflect the country's situation—the year 1892, as I have said, gave 8,000,000 more than is now estimated in the Budget of 1894, and that, too, without the additional Customs under later laws, returning in the same proportion three millions. If we should see these sums realised, if we should see the sum of 29,500,000 estimated in 1893 as Revenue from Customs, paid in, we should have an additional surplus to the 763,000 of 11,500,000, which can be yet further increased, because the Budget of 1893 was estimated with moderation, and the 29,500,000 could be put still higher were the country in a flourishing condition. But apart from the 11,500,000 to which we can look forward in the expectation that it will be restored to the Revenues of the State by an improved situation, we have other elements of a probable improvement in the Returns. I have said that we estimate in the Budget an Expenditure, on account of the high rate of exchange, of 7,000,000, for the Public Debt alone. Besides these seven millions we find also other gold obligations, on

which we pay this high rate in the same measure. If the country's position were to improve, so that the exchange, instead of 70 per cent., were valued at 60 or 50 or 40 per cent.—from the Public Debt alone for each reduction of 10 per cent. we add a million to the surplus. We can extend the like considerations to each heading and article in which we reckoned the Estimates at a loss. Under all these headings and articles we expect to see returned once more the sums previously returned. When we see this the surplus will be considerable, and on such a surplus we could base the considerations which the present situation imposes. Our present circumstances impose the consideration how in the negotiations we are now entering upon with our creditors we could offer as far as possible more—

M. MESSENEIS : At what point do these negotiations stand ?

M. TRICOUPI : We have already communicated abroad the mandate given to us and our readiness to proceed to the negotiations on the basis of this mandate, but we are still at the first step, because time has not yet been given for the next. We must, then, estimate the situation so as to feel confident that we shall have a surplus, allowing us to make our creditors in the negotiations offers such as the situation of the country and the Budget show us to be practicable. Apart from this, we must unite with our work in the Budget other action, in order that, independently of the negotiations and the understanding with the creditors, and independently of the understanding with those who can assist the Treasury to carry out its negotiations and discharge its obligations, the State may advance, step by step, and from its own resources, and until the negotiations pending attain to a result, towards its more definitive recovery. This recovery cannot take place while our currency is in the state that it now is, particularly on account of the Loan for the *cours forcé*. We must then look to a surplus in the Budget that if by no other means, by this, at all events, we may be able to limit gradually the *cours forcé*, subtracting from it the sum which increases it on account of the State Loan.

It is probable that we shall come on this point to an agreement which will accelerate the work, but inasmuch as such agreements are not made so quickly as we could desire, inasmuch as negotiations are being conducted simultaneously with the creditors and the capitalists, we must advance on this course by reducing as far as possible the paper in circulation for the State accounts, and by this means, as well as by every other given to us, strive to restore its proper value to our currency, for the fundamental cause of the present situation is to be

found in the anomalies of the currency. If we are able to improve this slightly, we shall obtain, whether by the aid of the State or without its aid, an improvement in the banking situation.

The situation of the banks is not absolutely bad, as is maintained by some persons, but the banking activity is at the present moment deficient, because at the present moment the condition of the currency does not permit the banks to exercise their functions. As soon as we improve the condition of the currency the banks will probably be able to work for themselves, and whether alone or by the aid of the State, they will be able to restore their foundation to the country's finances.

The foundations of the currency and of the banking activity are at the present time alike wanting. We have an anomalous circulation which, from the plethora of paper, renders all commerce impossible, and we have our banks in an evil plight because they are unable to regain their strength, inasmuch as the atmosphere in which they breathe is supplied by the defective currency.

It is for us, then, especially in relation to the Budget, to consider how it may provide means from its surplus for our work in restoring the currency. When this is done, I do not doubt that the banking activity will be restored as well. To gain these benefits, on which depends also the more complete satisfaction of the country's creditors, the State must come forward as a saviour, extending to this object its financial resources.

Whatever may be the result of its action in this regard, the country is morally bound to leave nothing undone to engender confidence that in the difficulty in which we are placed and from which we are seeking to extricate ourselves, we do not think principally of ourselves, but chiefly do we look to the interest of our creditors, and that we are not seeking to give them as little as possible, but are seeking to give them as much as possible, and I am confident that the Budget, in the form in which I now submit it to the House, as I trust the House will vote it, will procure this auspicious result.

GUATEMALA.

Consolidated External Debt of 1888 £887,700

Guatemala Committee.

Right Hon. Sir John Lubbock,
 Bart., M.P., *Ex officio*.
 E. J. Allcard, Esq.
 J. C. Bayley, Esq.
 E. M. Bristowe, Esq.
 James Roberts Brown, Esq.
 Hyde Clarke, Esq.
 Tudor Crawshay, Esq.
 L. Hansard, Esq.

F. G. Horne, Esq.
 Rt. Hon. W. L. Jackson, M.P.
 T. G. Surgey, Esq.
 Joseph Tucker, Esq.
 General Sir Luther Vaughan,
 K.C.B.

Secretary.
 Charles O'Leary, Esq.

On the 22nd of February last Mr. R. B. Martin, M.P., the Deputy Chairman of the Council, communicated to them the following letter which he had received in his capacity as agent in London for the service of the Internal Debt of Guatemala from the Minister of that Republic in Paris.

SIR,

I beg to communicate to you that I have written to Messrs. Thomson, Bonar and Co., of your city, informing them that the depreciation of silver, and the impossibility of obtaining bills of exchange to meet and pay the interest, have put the Government of Guatemala under the necessity of suspending the payment of the English Debt, which by great sacrifice it had been effecting with the utmost regularity.

(Signed) FERNANDO CRUZ.

This was confirmed by Messrs. Thomson, Bonar and Co., who communicated the letter referred to to the press on the same day.

Martin's Bank also received the following telegram derived from an official source :—

"Government decree no fund to be remitted to London, pending negotiations Bondholders."

A meeting of Bondholders, hastily summoned by the Council, was held that day, to consider the situation, and the following resolution, embodied in a telegram, was addressed to the President of the Republic.

"Council Foreign Bondholders just heard resolution Government suspend payment Foreign Debt. If suspension occurs, will ruin credit many years. Your Excellency considered incapable consenting to measure so discreditable to Republic. Bondholders here appeal to Your Excellency's honour even if bills unprocurable for moment. Council urge collections by Committee on account Debt, should continue as hitherto."

No answer has been received to this telegram, but the following letter from the Foreign Office dated the 5th of March, addressed to Mr. Martin, was circulated by the Council.

[Copy.]

FOREIGN OFFICE,
March 5th, 1894.

SIR,

With reference to my letter of the 26th ult., on the subject of the Internal Debt of Guatemala, I am directed by the Earl of Rosebery to inform you that a telegram has been received from Her Majesty's Minister in Central America, which is to the following effect :—

The Guatemalan Government has no intention of repudiating either the debt or the interest on it. The temporary suspension of payment of the interest is entirely due to the depreciation of silver and the abnormal rate of exchange. The customs duties hypothecated for the service of the debt are being deposited in the National Treasury.

The Guatemalan Minister of Finance has assured Her Majesty's Minister that his Government intends to make an arrangement with the Bondholders in regard to the manner in which the payments in respect of the debt shall be made in future.

I am, Sir,
Your most obedient humble servant,
(Signed) FRANCIS BERTIE.

In consequence of the arbitrary proceedings of the Government, and with a view to the protection of the interests involved, the Council called a General Meeting of Bondholders for the purpose of appointing a Committee to act in conjunction with them. The meeting was held at the Councilhouse on Friday, the 16th of March, when the following resolution was passed :—

“That the Council of Foreign Bondholders be requested to appoint the undermentioned gentlemen as a committee to act with the Council, with full powers to represent the holders of Guatemala bonds, and to protect their interests, and with power to treat with the Government of Guatemala or its representative, in order to arrive at a satisfactory mode of remitting the cash collected and to be collected from the taxes hypothecated to the Bondholders by Decree No. 394 of the Government of Guatemala, dated 29th August, 1887: The Right Hon. Sir John Lubbock, Bart., M.P., Mr. E. J. Allcard, Mr. C. J. Bayley, Mr. E. M. Bristowe, Mr. J. R. Brown, Mr. Hyde Clarke, Mr. Tudor Crawshay, Mr. L. Hansard, Mr. F. J. Horne, The Right Hon. W. L. Jackson, M.P., Mr. T. G. Surgey, Mr. Joseph Tucker, General Sir Luther Vaughan, K.C.B.”

The Committee thus appointed met immediately after the General Meeting of Bondholders, and cabled to the President of the Republic as follows :—

“To PRESIDENT, GUATEMALA.

“Large and influential public meeting Bondholders held to-day. Appointed a Committee, and ratified unanimously telegram February 22nd to your Excellency.

“O’LEARY”

The following is the Decree of the Government suspending payments :—

(*Translation.*)

Secretary of State for Public Credit.

DECREE No. 488.

JOSE MARIA REINA BARRIOS,
President of the Republic of Guatemala,

Considering :—

1. That the constant depreciation of silver on the Foreign markets causes the rate of exchange to decline daily to a notable extent, entailing as an inevitable result the absolute impossibility of obtaining Bills of Exchange to remit funds to Europe :

2. That the sending of silver quarterly in the necessary amounts to London for the Sinking Fund and payment of Interest on the External Debt, involves a considerable sacrifice on the part of the Republic, owing to the present scarcity of coin :

3. That although it is certain that the Government has laid upon itself the duty of fulfilling its engagements, it must do so without neglecting the other Branches of the Public Administration, while trying to conciliate the maintenance of its credit with the obligation under which it stands of promoting the progressive development of the nation and the proper service of the manifold interests which are under its charge :

4. That until the Executive, in agreement with the Bondholders, shall have resolved upon the manner of continuing to remit such funds, it is expedient that the amounts set apart shall be deposited in the National Treasury :

5. That a saving may be effected thereby of the sum distributed to the Bank and the Committee as fees :

Therefore decrees :—

ARTICLE 1. From this date the Revenue Offices of the Republic shall remit to the National Treasury the funds set apart for the service of the Consolidated Public Debt, where they shall be kept in deposit.

ARTICLE 2. The Committee created by Decree No. 394 is suppressed.

ARTICLE 3. The International Bank shall transfer to the aforesaid Treasury the books and other documents relative to the Public Debt, as also the present balance of cash in hand and Bills of Exchange for collection.

ARTICLE 4. The Secretary of Finance shall order all further provisions conducing to the carrying out of this Decree.

Given in the National Palace of Guatemala the 16th day of the month of February, 1894.

(Signed) J. M. R. BARRIOS.

The Secretary of State for Finance and Public Credit,
SALVADOR HERRERA.

GUATEMALA EXTERNAL DEBT.

According to the Report presented to Congress during the Session of 1893, the External Consolidated Debt, which originally amounted to	...	...	...	£922,700
has been reduced by the operation of the Sinking Fund	...	...	...	£32,400
and by Bonds not presented for Conversion...	...	...	...	2,600
				<hr/> 35,000
Actual amount in circulation	...	...		<hr/>£887,700

INTERNAL DEBT.

The Decrees creating the Internal Consolidated Debt fixed the total issue at \$6,495,062, and Bonds for that amount were placed in circulation ; but difficulties having arisen in the way of a quotation on the London Stock Exchange, by the fact that the Bonds themselves stated that the issue was only \$6,400,000, measures were taken to reduce the amount by \$100,000, and accordingly a thousand Bonds of \$100 each, Nos. 44,006 to 45,005, were withdrawn from circulation. Moreover, up to the date of the Finance Minister's Report, five Drawings have been held, and Bonds for \$352,100 have been paid off at par. By these operations the Debt has been reduced from \$6,495,062 to \$6,032,962.

SERVICE OF CONSOLIDATED DEBT.

The amounts required for the service of the Consolidated Debt are as follows :—

EXTERNAL DEBT.

Interest	£36,216	
Drawing of June 10th	2,600	
„ December 10th	10,700	
Commission	495	
Expenses	224	
Sinking Fund	104	
Total	<u>£50,339</u>	= \$386,721 ⁰⁸

INTERNAL DEBT.

Interest	£410	= \$2,985 ²⁵
Interest paid in Guatemala ... ..	...	11,703 ⁷⁹
„ „ London	£58,350	
Commission	908	
Expenses	531	
Redemptions	13,840	
„	8,704	
Total	<u>£82,333</u>	= 598,306 ⁹⁷
Sinking Fund ... ..	...	27,700 ⁰⁰
General Expenses ... ..	...	14,208 ⁴³
		<u>\$1,041,625⁴⁷</u>

On account of this sum the Guatemala International Committee, charged with the collection of the Revenue assigned to the Bondholders, received \$1,038,656.73, showing an apparent deficit of \$2,968.74, to cover which there were Bills in hand to the amount of \$39,023.93 due in 1893.

FLOATING DEBT.

Balance outstanding of Loan of \$500,000	\$165,000
„ „ „ 3,000,000	2,527,400
„ „ „ 1,400,000	172,000
Total	<u>\$2,864,400</u>

The foregoing Loans, all of them bearing Interest at

12 per cent. per annum, were raised in 1890, 1891 and 1892 to pay the arrears of Civil and Military Salaries and advances by Banks. They are being rapidly paid off.

The following details of the Expenditure are given:—

Finance...	...	...	...	...	\$491,251 ¹³
War	...	...	...	...	2,248,059 ⁷¹
Public Works	...	...	...	...	678,036 ⁷⁸
Home Department and Justice	...	...	...	...	1,199,140 ¹⁷
Public Instruction	...	...	...	...	1,129,995 ⁸²
Foreign Affairs	...	...	...	...	257,984 ⁸¹
Pensions	...	...	...	...	236,787 ⁹⁴
Sundry Creditors	...	...	...	...	773,335 ⁷⁵
Municipalities	...	...	...	...	32,853 ⁹⁸
Hospitals, etc.	...	...	...	...	26,424 ⁹⁶
Committee of Public Debt	...	...	...	...	42,608 ⁰⁷
Loans	...	...	...	...	1,826,021 ¹²
Burning of Treasury Bills	...	...	...	...	31,765 ⁶⁰
Northern Railway	...	...	...	...	114,499 ⁹⁶
Bills Receivable	...	...	...	...	41,317 ¹⁷
Bills Payable	...	...	...	...	5,986 ⁶²
Interest and Discounts	...	...	...	...	7,756 ¹⁴
Faculties	...	...	...	...	14,295 ³⁸
Sundry Accounts	...	...	...	...	514,142 ²⁵
Total	...	...	...	...	<u>\$9,672,262⁶⁶</u>

The following are the details of the national Revenue:—

Liquors and Monopolies	...	...	...	...	\$3,077,623 ²⁰
Import Dues	...	...	...	...	3,427,641 ⁸⁷
Export „	...	...	...	...	982,367 ⁶²
Re-shipment	...	...	...	...	480 ⁴⁶
Stamped Paper and Stamps	...	...	...	...	154,081 ⁸⁰
Authorisation of Books	...	...	...	...	8,419 ¹³
Land Tax	...	...	...	...	317,992 ⁷⁴
Commutations of Military Service	...	...	...	...	20,083 ⁸⁰
Road Tax	...	...	...	...	94,188 ⁸⁴
Slaughter Tax	...	...	...	...	87,798 ¹⁰
Flour and Salt	...	...	...	...	50,373 ¹¹
Bequests and Donations	...	...	...	...	21,791 ⁶⁸
Sales and Transfers of Land	...	...	...	...	110,885 ⁶⁹
Fines, etc.	...	...	...	...	61,018 ²²
Waste Lands	...	...	...	...	18,540 ⁸⁴
Monte Pios	...	...	...	...	11,967 ⁷⁴
Post and Telegraphs	...	...	...	...	212,186 ³⁰
					<u>\$8,657,446⁰³</u>

Comparing this with the Revenue of 1891, viz., \$8,713,286⁶⁹, there appears a decrease of \$55,840⁶⁶.

There was a great falling off in the value of Imports during 1892; the difference shown, as compared with 1891, being no less than \$1,796,497⁸⁹. The nett result to the Treasury was a decrease of \$122,647⁹¹, and that the loss was no greater is ascribed to the vigilance and energy of the Customs department in guarding against evasions of duty.

In Stamped Paper there was also a decrease of \$64,333⁴⁸ as compared with 1891.

The reduction in these two branches of Revenue was, however, to a great extent, made up by increases in other departments.

The total liabilities of the nation on the 31st December 1892, were as follows:—

War Department	\$129,498 ²⁴
Home Department and Justice	82,892 ⁸⁵
Public Instruction	158,478 ⁸⁶
Finance... ..	38,947 ⁹¹
Public Works	99,561 ⁸⁹
Foreign Affairs... ..	44,400 ²⁵
Pensions	20,995 ²⁸
Sundry Creditors	667,370 ²²
Deposits	114,438 ⁸⁶
Municipalities	29,621 ²¹
Special Establishments	44,681 ⁹⁴
Funds of Resguardo	611 ⁰⁴
Northern Railway	2,670 ⁴⁶
Fractions of Internal Consolidated Debt	8,532 ⁸⁷
Loan of \$500,000	165,000 ⁹⁰
„ \$1,000,000	1,744 ⁷⁵
„ \$3,000,000	2,552,300 ⁹⁰
Coffee Export Bonds (1891)	1,008 ⁹⁰
Treasury Bills	57,015 ⁹⁰
Northern Railway (10 per cent.)	5,072 ⁹²
„ „ (5 per cent.)	1,707 ⁹²
Coffee Export Bonds (1892)	645,328 ⁹⁰
Bonds of Floating Debt	371,100 ⁹⁰
Floating Debt	844,708 ⁹⁴
Loan of \$1,000,000 (Salaries)	352,000 ⁹⁰
Consolidated Internal Debt	6,195,600 ⁹⁰
„ External „	4,480,000 ⁹⁰
Total	\$17,115,284⁸¹

Comparing the corresponding figures for 1891, there appears a decrease of liabilities of \$1,339,041⁵⁵.

The following Table shows the value of Imports from the principal trading centres during the years 1891 and 1892 :—

	1891.	1892.
	\$	\$
England	1,837,395 ²⁵	812,890 ¹¹
United States	1,524,673 ⁷⁰	1,835,103 ⁸⁸
Germany	1,007,269 ¹⁶	969,270 ⁶⁹
France	899,535 ⁵⁰	795,179 ⁹⁸
Central American Republics ...	815,181 ⁸⁶	130,765 ⁷⁶
Mexico	507,860 ⁵⁰	23,168 ⁴²

It will be observed that the Imports from the U. S. of America alone show an increase, while those from England have fallen off by more than one-half, and those from Central America and Mexico have not attained one-sixth and one-twenty-second respectively of the figures reached in 1891. On the other hand, Exports have continued their onward march, as will be seen from the following figures, which exhibit the progressive movement of the Export trade of the Republic.

Year.	Value of Exports
1888	\$ 7,239,977 ³⁸
1889	13,247,689 ⁸⁹
1890	14,401,534 ⁴⁰
1891	14,175,392 ⁰⁸
1892	14,869,324 ²¹

Thus, it will be seen that Exports have more than doubled their amount during the last five years, in spite of the temporary decrease shown in 1891, which was more than covered in 1892.

The Export Duties yielded \$982,367⁶².

The following Table shows the value of Exports arranged according to country of destination :—

	Coffee.	Other Articles.	Total.
	\$	\$	\$
United States ...	4,464,340 ⁴⁴	523,628 ³²	4,987,968 ^{7d}
France ...	885,472 ⁵⁶	51,672 ¹³	937,144 ⁶⁰
Germany ...	6,103,088 ⁸⁸	35,199 ⁵²	6,138,288 ⁴⁰
England ...	2,175,621 ⁸⁴	4,350 ⁷⁵	2,179,972 ⁵⁰
Italy ...	12,048 ⁴⁰	—	12,048 ⁴⁰
Austria ...	85,106 ⁸⁴	—	85,106 ⁸⁴
South America ...	40,304 ⁸⁸	(*) 90,501 ⁶⁵	130,806 ³³
Central America ...	—	(b) 397,988 ⁰⁰	397,988 ⁰⁰
Total ...	(c) 13,765,983 ⁸⁴	1,103,340 ³⁷	14,869,324 ²¹

(*) Chiefly India-rubber. (b) Chiefly Coined Silver.

(c) Against \$13,112,379⁸⁰ in 1891.

The Shipping Traffic was as follows for 1892 :—

Steamers ...	625,971
Sailing Vessels ...	123,486
Total ...	<u>749,457</u>

The attention of the Government is being directed to the need of Tariff reform, and legislation dealing with the question will be introduced. An important step has been taken in separating the Customs Administration from the Direction-General of Contributions, which, it is thought, will have a good result in rendering evasions of duty less numerous.

HONDURAS.

Five per cent. Loan of 1867—

Principal	£78,800	0	0
Interest (April, 1873, to April, 1894) ...	84,710	0	0
	<hr/>	£163,510	0 0

Ten per cent. Loan of 1867—

Principal	900,700	0	0
Interest (Jan., 1873, to Jan., 1894) ...	1,936,505	0	0
	<hr/>	2,837,205	0 0

Six-and-two-thirds per cent. Loan of 1867—

Principal	2,176,570	0	0
Interest (Mar., 1873, to Mar., 1894) ...	3,119,750	13	4
	<hr/>	5,296,320	13 4

Ten per cent. Loan of 1867—

Principal	2,242,500	0	0
Interest (Jan., 1873, to Jan., 1894) ...	4,619,550	0	0
	<hr/>	6,862,050	0 0

Total	<hr/>	£15,159,085	13 4
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Committee of Honduras Bondholders.

Rt. Hon. Sir John Lubbock, Bart.,

M.P., *Chairman Ex officio.*

U. R. Burke, Esq.

G. F. Dickinson, Esq.

R. Eykyn, Esq.

W. R. Farquhar, Esq.

Alfred Jaques, Esq.

His Honour Judge Snagge.

E. Wright, Esq.

Secretary.

Charles O'Leary, Esq.

No reply has been received by the Council to the Letter addressed by them to the President of this Republic, and published in their last Report, requesting a renewal of the Concession granted to the Honduras Company, Limited, for the construction of the Inter-oceanic Railway, which had

lapsed, and remonstrating against such Concession being granted to Messrs. Valentine and Van Auken without due provision being made for the settlement of the Debt.

The Concession to these gentlemen, it appears, from information since received by the Council, had already been granted by the Government and embodied in a Contract dated the 20th July, 1892.

During 1893, however, a change of Government took place in the Republic, President Leiva being succeeded by General Domingo Vásquez, who, by a Decree of the National Congress, passed on the 14th of September, 1893, was declared to be constitutionally elected President of the Republic for a period of four years from that date, and on the 10th of October, 1893, he signed a Decree of Congress of the 3rd of that month, cancelling the Concession granted during the previous year to the Representatives of the American Syndicate.

Mr. W. Binney, the Consul-General of Honduras in London, to whom the Concession was originally granted, is now in Honduras, and his presence there, taken in conjunction with the cancellation of the American Concession, affords ground for hope that the Project for the settlement of the External Debt in combination with the construction and completion of the Railway, may yet be possible.

At present, however, the country is at war with the neighbouring Republic of Nicaragua, whose troops have invaded Honduras to assist General Bonilla, the leader of the Insurgent Army.

The following statistical information is obtained from

the Consular Report sent to the British Foreign Office in September, 1893 :—

EXPORTS.

EXPORTS FOR THE FISCAL YEAR 1892.

Articles.	Value.	
	Currency.	Sterling.
	\$	£
Live Stock	667,339.37	91,416
Bananas	211,939.02	29,032
Cocoanuts	91,989.05	12,601
Tobacco (Unmanufactured) ...	22,208.75	3,042
Coffee	41,393.85	5,670
India-rubber	6,861.12	939
Lumber (Mahogany and Cedar) ...	6,758.64	926
Sarsaparilla	19,883.78	2,724
Other Agricultural Products ...	2,762.20	380
Silver	732,059.10	100,282
Gold	19,657.00	2,692
Tobacco (Manufactured) ...	27,104.80	3,713
Straw Hats	16,916.00	2,317
Other Manufactured Articles ...	6,930.85	951
Total	1,873,803.53	256,685

The following Table shows the destination of the above-named Exports :—

Name of Country.	Value.
	£
United States	137,072
Guatemala	69,375
British Honduras	12,597
Salvador	15,239
Germany	8,094
England	5,064
Costa Rica	4,123
Nicaragua	1,889
France	1,091
Spain	959
Other Countries	1,182
Total	256,685

The total value of Exports in 1891 was estimated at £381,000. The year 1892 therefore shows a considerable falling off, which the British Consul states is mainly attributable to the disturbing influence of the revolutionary movements which have lasted for so long a period.

IMPORTS.

The total number of bales of merchandise imported into Honduras in the fiscal year 1892 was 147,830. The contents are not specified, but their value is given as £274,661, the duties on which amounted to £88,423. The following Table shows the countries from which the Imports arrived :—

Name of Country.	Value.
United States	£126,663
England... ..	46,852
France	35,236
Germany	35,809
Salvador	15,682
Nicaragua	5,327
British Honduras	4,358
Spain	1,406
Guatemala	1,588
Other Countries	1,740
Total	274,661

With regard to the Import Trade, the British Consul makes the following remarks :—

From the above it appears that the Import Trade lies principally in the hands of the United States. The Exports to Honduras from that country have within the last few years been steadily increasing, which leaves little doubt that the Americans are rapidly ousting other nations, notably England, from the Honduras market.

REVENUE FOR 1891 AND 1892.

The Revenue for the year 1892 was \$1,764,137.36, or £241,662, which shows a decrease of £11,785 as compared with that of the previous year, and was obtained as follows :—

Description.	Amount.	
	1891.	1892.
Customs Dues	£ 73,636	£ 72,884
Excise	179,811	168,778
Total	253,447	241,662

The Excise Duties were derived as follows :—

Description.	Amount.	
	1891.	1892.
Liquors	£ 89,969	£ 85,214
Tobacco	40,626	37,190
Exportation of Cattle	7,936	10,893
Maritime Dues	7,251	5,637
Stamped Paper	8,807	8,289
Sale of Government Lands	5,063	3,112
Telegraphs	4,560	4,847
Post Office	1,389	1,380
Various	14,210	12,216
Totals	179,811	168,778

EXPENDITURE FOR 1891 AND 1892.

The total Expenditure for 1892 was \$2,603,653 (£356,665), or £52,044 less than in 1891. But, in consequence of the diminution in the Revenue for 1892, the nett result was a deficit of £15,003.

The following Table shows the various items of Expenditure :—

Description.	Amount.	
	1891.	1892.
	£	£
Public Credit, <i>i.e.</i> , Interest on Public Debt	173,661	156,088
War Office	112,018	93,420
Public Works	47,010	35,226
Ministry of Interior	19,579	20,563
" Finance	19,547	22,318
" Public Instruction	18,083	12,701
" Justice	12,278	12,108
" Foreign Affairs	6,533	4,241
Total	408,709	356,665

NATIONAL DEBT.

The Principal outstanding of the External

Debt up to date is	£5,398,570 0 0
Interest thereon to date	9,760,515 13 4
Total	<u>£15,159,085 13 4</u>

INTERNAL DEBT.

Returns available to August, 1892—\$2,742,574 or £375,695.

N.B.—In the foregoing Tables the Exchange is reckoned at the rate of \$7.30 cts. to the £ sterling.

BUDGET FOR THE ECONOMIC YEARS 1894—1895.

ESTIMATED RECEIPTS.

Customs Duties	\$532,056
Duties on Spirits... ..	599,318
" " Liquors	25,000
" " Tobacco	106,655
" " Gunpowder	13,556
" " Stamped Paper	60,000
" " Produce	10,000
Sheep Tax	20,000
Post Office	10,000
Export Duties on Cattle	60,000
Land Receipts	22,000
Lottery Concessions	30,000
Telegraphs	24,000
National Printing Office... ..	700
Government Pawnshops... ..	1,500
Customs Paper	10,000
Sundry Receipts	20,000
Total	<u>\$1,544,785</u>

ESTIMATED EXPENDITURE.

Executive Government	\$181,140
Foreign Affairs	38,124
Public Instruction and Justice	239,360
Finance.—General Expenses	\$48,980
Collection of Customs	68,760
Cost of National Mint	4,500
Interest on Public Debt	122,240
Public Works	244,756
War Office	246,148
War Office	471,149
Total	<u>\$1,542,917</u>

RECAPITULATION.

Estimated Receipts	\$1,544,785
" Expenditure	1,542,917
Estimated Surplus	<u>\$1,868</u>

LIBERIA.

Seven per Cent. External Loan of 1871	...	£100,000
Interest (August, 1874, to February, 1894)	...	140,000
		<u>£240,000</u>

Liberian Committee.

Rt. Hon. Sir John Lubbock,
Bart., M.P., *Chairman Ex*
officio.

L. J. Baker, Esq.
J. R. Brown, Esq.
Hyde Clarke, Esq.

W. A. Stephens, Esq.
H. T. Tatham, Esq.
Arthur A. Tilleard, Esq.

Secretary.

Charles O'Leary, Esq.

The position of affairs with regard to the Debt of Liberia remains precisely as last year.

The Council were then informed that Mr. Blyden, the Minister of Liberia at the Court of St. James', would shortly return to London, and they were prepared to take the opportunity to press forward the settlement of the Debt. That gentleman, however, has not as yet returned from Monrovia, and the Council have therefore addressed a letter to him there, a copy of which is appended, which they have forwarded to the Governor of Sierra Leone, who

also acts as British Consul for Liberia, requesting his good offices to ensure its delivery, and also asking him to assist them in pressing the claims of the Bondholders on the attention of the Government of the Republic.

COUNCIL OF FOREIGN BONDHOLDERS,
17, Moorgate Street, London, E.C.,
17th January, 1894.

The Honourable E. W. BLYDEN, Envoy Extraordinary and Minister
Plenipotentiary of the Republic of Liberia to the Court of
St. James', Monrovia.

SIR,

I have the honour, by the desire of the Committee of Liberian Bondholders, acting in conjunction with the Council of Foreign Bondholders, to call your attention to the long-continued default in the service of the Liberian 7 per cent. Loan of 1871.

This Loan, the nominal amount of which was £100,000, bearing Interest at the rate of 7 per cent. per annum, was issued under the authority of an Act of the Liberian Legislature passed 1870, and was secured by a capitation tax of \$1 per annum on all male citizens, and one-fifth of the Customs Revenues. The original arrangements contemplated the redemption of the Loan in fifteen years, but no sums were ever applied to that purpose. The Interest due in February, 1874, was not paid, and the Loan has remained in default ever since.

A letter was addressed to the President of the Republic on the 30th October, 1874, which elicited an intimation that the matter had been brought before the Legislature, and that it was hoped provision would be made for the prompt payment of the Coupons as they became due.

No further communication having been received from the Government, the Council again addressed themselves to the President in 1875, and received an expression of regret that nothing had been done with regard to the Debt, coupled with a promise to again direct the attention of the Legislature to the subject in his annual message in December of the same year. Since that time, although

on several occasions pressing representations have been addressed to the Government of the Republic, they have either remained unheeded, or have elicited only a mere acknowledgment.

The Committee desire me also especially to remind you that a formal Arrangement, with a view to a resumption of payments, whereby a proportion of the Royalties paid on the export of India-rubber was to be handed to the Bondholders, was entered into with the late Liberian Consul General in London, in March, 1890. This Arrangement was negotiated by that gentleman in pursuance of instructions received from the Liberian Government, and the Committee have never been able to learn on what grounds the Arrangement was rejected by the Legislature.

The Committee are now informed that your Government are desirous of reopening negotiations with the Creditors, and I am desired to assure you that the Council and Committee will be prepared to consider, in a fair and conciliatory spirit, any overtures which they may be disposed to make, and they earnestly trust that an Agent with adequate powers will soon be appointed to conduct the necessary negotiations in London.

The Committee are told that the annual Revenue of the Republic is more than sufficient to meet the expenses of Administration, so that they think that the Government may fairly be called upon to pay at least a portion of the Interest. The original amount of the Loan, as stated above, was £100,000, but the arrears of Interest would bring it up to about £240,000.

I have the honour to be,

Sir,

Your obedient Servant,

CHARLES O'LEARY,

Secretary.

It is hoped that this letter will produce the desired effect, and that if direct communication can be entered into with the Government or with an accredited Agent, some arrangement may be come to, more especially as the President has on several occasions expressed himself as desirous of a settlement.

It is stated that the Liberian Government Concessions and Exploration Company, Limited, with whom the abortive Arrangement of 1890 was concluded, have transferred the India-rubber concession to a London firm, who have commenced to work it on a small scale, and are endeavouring to establish a Company for the purpose of extending their operations. The duty on the export of this produce is paid in London to the Liberian Consul, but yields at present too small an amount to be worth considering as the basis of a settlement.

The Council have been unable to obtain any statistics relating to the finances of the Republic.

MEXICO.

6 % Consolidated Loan of 1888	...	...	...	£10,443,280
5 % Tehuantepec Railway Bonds	...	...	...	2,700,000
6 % Loan of 1890 Railway Subvention Loan	...	...	...	5,983,800
6 % Loan of 1893 (Issued)	...	...	...	1,650,000

NATIONAL DEBT.

The Public Debt, taking the dollar at 30d., may be reckoned to be \$85,727,585 including both External and Internal. The External Debt is shown above, and the following Tables extracted from Mr. Carden's Consular Report, and approximately corrected to date, show the amount of the Internal Debt, classified as Interest-bearing, and Deferred, or non-Interest-bearing Debt.

INTERNAL DEBT.

Description.			Amounts.
<i>Interest-bearing—</i>			
3 % Consolidated Debt of Mexico	...	...	\$33,344,150
6 % Subsidy Bonds issued to the Monterey and Gulf Railway	...	...	5,466,000
6 % Subsidy Bonds issued to the Chiapas Railway Company	...	...	177,000
6 % Subsidy Bonds issued to the Vera Cruz Port Works Company	...	...	1,333,675
6 % Subsidy Bonds issued to the Contractors for the Tonalá Mole	...	...	450,000
5 % Subsidy Bonds issued to the Contractors for the San Benito Mole	...	...	450,000
Carried forward	...	...	<hr/>\$41,220,825

Brought forward	...	...	...	...	\$41,220,825
<i>Non-Interest-bearing—</i>					
Bonds of the Consolidated Debt which do not bear Interest till July, 1894	...	...	...	...	\$2,925,600
Claims liquidated prior to 1882, and ready to be converted into Bonds	...	...	...	...	2,842,517
Bonds of the English Debt of 1851, not yet presented for Conversion	...	...	...	...	234,250
Subsidy Bonds earned and ready to be issued to the Monterey and Gulf Railway	...	...	...	\$711,000	
Ditto, to the Michoacan Railway	...	...	...	166,000	
					877,000
Credit Notes in Circulation	...	...	...	...	2,952,167
Unpaid Balances of former fiscal years, ready to be converted into Credit Notes	...	...	...	...	7,851,189
Amounts due to the lessees of various Mints which bear no Interest	...	...	...	...	1,836,296
Cash Subvention due to various Railways	...	...	...	...	1,487,853
Railway Subsidies, payable without Interest by Assignments of a proportion of the Customs Revenue:—					
Mexican National Railway (6 %)	...	...	...	\$6,119,233	
Inter-oceanic Railway (3 %)	...	...	...	768,791	
					6,888,024
					<u>27,894,896</u>
Total Internal Debt	...	...	...	...	<u>\$69,115,721</u>

BUDGET ESTIMATES 1894-5.

The Budget for the year ending 30th June, 1895, which Señor Limantour, the present Minister of Finance, laid before Congress in December last, and of which a synopsis is given below, is the most important and comprehensive financial statement which has hitherto appeared in Mexico, and deserves from every point of view the attention of the Bondholders. It passes in review the measures adopted to cope with the severest

economic and financial crisis ever experienced by Mexico, as well as the efforts made to maintain the credit of the country both at home and abroad. The fiscal reforms introduced leave no department of the Administration untouched, and an idea of their comprehensiveness may be formed from the fact that the savings effected in the public service during the last two years amount to nearly seven millions of dollars, and that concurrently with these retrenchments, new taxes have been imposed calculated to yield an annual revenue of five and a half million dollars. By these means and by the consolidation of floating debts and the suspension of the sinking fund of the Internal Debt, a budgetary equilibrium has been established. Whether Señor Limantour's anticipations will be realised remains to be seen, but based as they are on the results of a year of unprecedented crisis, there seems to be a well-founded hope that they will prove correct, and certainly the reforms introduced show an earnest desire on the part of the Government to meet the exigencies of the situation in a statesmanlike manner. They also reflect much credit on the Minister who has initiated them.

The following is a condensation of Señor Limantour's financial statement.

TAX ON SALARIES.

The measure adopted in June last, of making a deduction from the salaries of State officials varying from 5 to 10 per cent., is continued for another year, the Treasury not being able, as was hoped, to remit it. This deduction, added to the ordinary tax on salaries, is a very heavy burden on the servants of the nation, and the Minister therefore proposes to consolidate the two taxes, which with some modifications

would afford a very deserving class of tax-payers some measure of relief.

MINING DUES IN THE FEDERAL DISTRICT AND TERRITORIES.

The Executive have for some years had authority to levy dues on mining and smelting operations, and the item has appeared from year to year in the Budget Law ; but, as a fact, no dues have been fixed and therefore none collected. The Executive think that the time has now arrived to make use of that authority, but they restrict the duty to 1 per cent. instead of the full rate of 2 per cent. on the gross value of the metal or other minerals raised, without deducting expenses. As regards smelting, it is only proposed to bring it within the provisions of the law on the subject.

EXTRAORDINARY REVENUE.

Contrary to former practice anything in the nature of Extraordinary Revenue has been kept distinct from Ordinary Revenue, which should, of course, contain nothing that possesses an element of uncertainty, or the amount of which cannot be estimated beforehand with some degree of precision.

EXPENDITURE.

The various Administrative Services of the State have been subjected to a minute revision with a view to a policy of retrenchment so far as it could be exercised with due regard for efficiency. That this has been secured is shown by the fact that most of the reductions have been in force for four or five months without any injury to the public service.

THE LEGISLATURE, EXECUTIVE, AND JUDICATURE.

An increase of \$30,000 for travelling expenses of Members of the Legislature has been allowed on account of the coming general elections, though owing to the new facilities for locomotion this sum is less than formerly allowed. No change is made as regards the Executive and Judicature.

FOREIGN AFFAIRS.

There is a nominal decrease of \$12,595, but it is really larger, all the Chiefs of Legations excepting Washington, Guatemala, and Europe having been recalled. The saving thus effected will be equivalent to half the pay of the Chiefs, and the whole of that of the Secretaries of Legation, who as *Chargés d'Affaires* receive only half the pay of Ministers. Moreover, as these salaries are paid in gold, the consequent saving may be estimated at more than \$100,000 at the present rate of exchange. The difference of \$12,595 shown above is due to the merging into one of the Legations to Germany and Russia, and to some small modifications in the Consular Service.

HOME DEPARTMENT.

The Estimates have been increased by \$129,374. This is due to the necessity of providing for the Sanitary Service—which, however, is likely to be self-supporting—and of replenishing the stores of clothing for the Police and Fire Brigade, now becoming exhausted. The transfer, moreover, of a corps of auxiliaries from the Army to the rural authorities, causes an increase in this department, but this is accompanied by a corresponding decrease in the Military Estimates.

JUSTICE AND PUBLIC INSTRUCTION.

There is a small saving of \$5,000 in the former, and of \$18,500 in the latter branch of this department.

FOMENTO.

There is a nett saving in this department of \$166,927. Of this \$50,427 is economised through the reorganization of the Commission appointed to survey the National Territories, with a reduction in general expenses of \$117,000, \$100,000 of this representing the vote for the Chicago Exhibition.

COMMUNICATIONS AND PUBLIC WORKS.

Some changes in the personnel of this department cause an increase of \$2,752, while the Postal Service is responsible for \$7,451. On the other hand there are the following decreases :—

The National Palace, and that of Chapultepec	...	\$20,000
Roads, Bridges, &c.	... ..	28,920
Railway Subventions, and Expenses of Inspection	...	471,506
Conservation of River Banks	... ..	10,000
Lighthouse Service, chiefly in the reduction of installations of those proposed to be erected	... ..	32,350
Subventions of Lines of Steamers	... ..	12,600
Telegraphs	... ..	70,000
Total		\$645,376
Deduct Increases as above		10,203
Net Saving		<u>\$635,173</u>

FINANCE AND PUBLIC CREDIT.

This subject has been divided into two parts: the one corresponding to the purely administrative services of the Department, and the other containing all matters relating to the service of the Public Debt.

In the personnel of the Department some small modifications are proposed, involving a saving of \$5,406 for the present year. The most important changes in the Customs service consist of a reorganization of the offices, introducing a new classification according to importance, and equalizing the pay of all officials of a similar rank. This saves \$166,578. A reduction in the Fiscal Police also gives a saving of \$96,701. The pay of the crew intended for the steamer "Resguardo de Mazatlán," the purchase of which is postponed, will also be struck off the estimates as not being required. The closing of the Oaxaca Mint will save \$11,201, and other economies realised in the general expenses of the Department will amount to \$90,000.

The total amount of the above-named economies in the Finance Department is \$376,000, but from that sum must be deducted certain increases of expenditure which have been unavoidable.

Thus, the closing of the Mints of San Luis Potosi and Oaxaca has necessitated the opening of Assay Offices there and at Monterrey, where there are large smelting works. This is estimated to require \$12,600. Again, the Mint in the City of Mexico having to carry on the work formerly done by all three Mints, entails an increase of \$23,745.

A further increase is explained by reference to the practice which

has prevailed of under-estimating various items of the expenditure. Thus, the emoluments of collectors of direct taxes, and fees of stamp distributors had year after year been stated at \$300,000, when twice that amount would not have sufficed to cover them. A large reduction in the case of the former has been proposed, and yet the amount set down in the existing Budget has had to be increased by \$14,205.

Again, the fees of the Stamp distributors were very largely under-estimated, so that in spite of a decrease in the scale upon which they are paid, there is an increase of no less than \$103,564 in respect of this item.

Lastly, the expenses of the Stamp Office have had to be increased by \$15,000, on account of the cost of printing the new stamps required for some of the newly imposed taxes. Deducting \$169,114, the sum of the above enumerated increases from the total savings shown above, viz. : 376,000, there remains a nett economy of \$206,886, in the various administrative services of the Finance Department.

The second division of this Department, which includes the placing and remittance of funds, the payment of pensions, etc., and all expenses appertaining to the service of the Public Debt, is, as Señor Limantour observes, the keystone of the Budgetary fabric, towards the strengthening of which the retrenchments effected and the reforms proposed tend.

The first item is the "Placing and Remittance of Funds." The heaviest factor in this part of the accounts is the necessity of transferring to London the amount of the service of the External Loans. It is, therefore, included in "Expenses of the Public Debt."

To prevent disappointment the calculations on this head are based on the most unfavourable conditions likely to arise, the object aimed at being to inspire confidence. With this view the Revenue has, if anything, been under-estimated, and expenses amply provided for.

During the whole period of the greatest depression and fluctuation in the silver market ever known, the exchange on London has never remained many days together below 28 pence per dollar.

This is the basis on which the following calculations are made :—

Cost of remittance of \$6,900,000, gold, required for the service for the three Loans of 1888, 1890 and 1893, and that of Tehuantepec	\$4,928,571
Cost of remittance of salaries of the Diplomatic Service and other expenses abroad	120,429
N.B. (The increase in Consular Fees will help to diminish this item).	
Internal exchanges, including the special charge for the concentration of the Stamp Revenue which it is expected to reduce by one half during the year 1894-95	125,000
Commissions due to the National Bank of Mexico for sale of Certificates, and remitting the amounts required for the service of the External Debt ; for the collection of the percentage allotted to the Mexican Southern, National, and Matamoros to Acapulco Railways, and lastly for providing the Funds for the Current Account of the National Treasury with the Bank. This amount represents cost of exchange, remuneration of Agents and other expenses, insurance against loss by, and profit of, the Bank. In compliance with the desire of the Government the Bank has willingly consented to reduce its Commissions by a considerable amount. Allowing for this reduction, these Commissions will not exceed	460,000
The above form a total of	<u>\$5,634,000</u>

The Public Debt is classified as follows :—

Debt payable abroad
 Consolidated Internal Debt.
 Floating Debt.
 Debt for subventions to Railways and Public Works.

The only modification introduced in the estimates for the service of the External Debt is the additional amount required for the service of the new Loan of £3,000,000 recently authorised by Congress. This amount, with a service of $6\frac{1}{4}$ per cent., including the Sinking Fund which commences at once, is reckoned on the total amount of the Loan, although it is probable that the whole will not be issued. As, however, the Bank of Dresden has agreed to advance £170,000, to be refunded out of the proceeds of that Loan, when issued, for the construction of the last section of the Tehuantepec Railway, complet-

ing that important interoceanic route, the interest of the unissued portion will be employed in discharging the interest due on that advance.

The interest on the Internal Consolidated Debt requires a larger sum than in past years, because certain deferred Bonds issued under the law of 27th May, 1889, became active during last year. A sum of \$400,000 has been allowed in the ordinary Budget for the Floating Debt, which includes the amount due to the Banco Nacional and Banco Hipotecario on current accounts and advances made by the lessees of the Mints, as well as the special Loan of \$2,500,000 furnished by the National Bank. These advances will all be paid off with the proceeds of the new External Loan of £3,000,000.

With regard to the service of the Railway Subventions, &c., the following important modifications have been introduced. The amounts assigned for the Bonds of the works of the Port of Vera Cruz and those of Tampico, as well as those of the Wharves of Tonalá and San Benito, for the first time appear in the estimates.

There has grown up of late years an irregular practice of incurring expenditure without a specific Budget appropriation, and of charging harbour improvements to a fund derived from 2 per cent. additional import dues levied for that purpose. Legislative sanction has always been given subsequently, but this is an irregularity it is proposed to discontinue.

The amortization of Certificates of the National Mexican Railway, which according to contract should be effected with 6 per cent. of the Import dues, has been the object of a special arrangement. Now that this debt has been reduced to less than \$4,000,000, this appropriation seemed too large, and the consent of the parties interested has been obtained to its reduction to 2 per cent., bringing down the amount of the assignment from \$1,080,000 to about \$360,000.

Lastly, out of the 3 per cent. of the Customs appropriated in the first instance to the Interoceanic Railway, and afterwards to the Matamoros-Acapulco Railway—the total amount required for payment of the annual subvention should be \$2,400 per kilometre on 20 kilometres completed, say \$48,000.

WAR AND MARINE DEPARTMENT.

The modifications introduced into this Department, including both branches of the service, result in a saving of	...	...	\$1,452,855
and an increase of	...	...	526,103
showing a nett decrease of	...	...	<u>\$926,752</u>

THE TOTAL ESTIMATED EXPENDITURE FOR 1894-5,
IS AS FOLLOWS :—

Legislature	...	...	...	...	...	\$1,035,638
Executive	...	...	...	...	...	49,977
Judicature	...	...	...	...	...	478,084
Foreign Affairs	...	...	...	...	...	540,966
Home Department	...	...	...	...	...	2,587,237
Ministry of Justice and Public Instruction	...	...	...	...	...	1,591,153
Ministry of Public Works	...	...	...	...	...	655,487
Department of Communication	...	...	...	...	...	3,286,968
Ministry of Finance	...	...	...	...	...	22,385,996
War and Marine	...	...	...	...	...	10,402,866
Total	...	...	...	...	...	<u>\$43,014,372</u>

To this must be added the amount required for the completion of the works for the drainage of the Valley of Mexico. This had been carried on with the proceeds of a Municipal Loan, but the funds becoming exhausted it has been necessary to include it in the Federal Estimates

... .. 1,200,000
\$44,214,372

On the other hand certain amounts have been included, as already explained, which are not likely to be required. These amounts together may be estimated at \$1,160,000, and deducting that sum from the above gross total of \$44,214,372, the nett expenditure appears as \$43,054,372.

REVENUE.

The estimation of Revenue, Señor Limantour observes, always a difficult task, is now rendered more so by the frequent changes in the

price of Silver, the staple product of the country, the consequent fluctuations in the rate of exchange, and the deterrent effect which the rise in the latter usually has on importations.

Strange to say, however, in June last, when the collapse of the silver market, and the violent rise in the rates of exchange, came to complete the economic distress of the Republic, it was naturally expected that the volume of imports would have fallen far below the normal amount. This, however, was not the case. On the contrary, by good fortune a considerable increase has been experienced, and the collection of revenue under this head has been satisfactory.

As a measure of prudence, therefore, in framing the Budget, the mean of the amounts realised during the last two years has been taken, except where there has been a progressive increase.

IMPORT DUES.

This has hitherto been the principal source of revenue, representing from one-half to three-quarters of the total Federal receipts. The year 1894-5 will, however, probably exhibit a very interesting evolution in Mexican Finance, viz., the loss of the supremacy in the yield of Customs over other branches of the Revenue. This, it is considered, will in the end be beneficial to the country, freeing it from the influence exercised by events beyond its control, such as the closing of the Indian Mints, and the recent silver legislation in the United States of America.

On closely considering the conditions of foreign trade before the fall in silver began to make itself felt, other things being equal, this fall would alone account for a decrease of more than \$2,500,000 in the returns. But besides the depreciation of silver, the country has been labouring under the distress caused by several bad harvests, and this has aggravated the unfavourable condition of foreign trade.

Fortunately, of the two principal factors above enumerated, one has entirely disappeared, and it is expected that the beneficial effect of a good harvest will favourably influence the volume of Customs returns.

It is not well to indulge in optimistic hopes, but even if silver remains at the present excessively low price, the absence of fluctuations in that price will of itself have the effect of reviving confidence and restoring trade.

SUMMARY OF REVENUE ESTIMATES.

Customs—

¹ Import Dues	...	...	...	...	\$18,000,000
Export Dues—					
² Coffee	...	...	...	...	\$510,000
Henequén Fibre	...	...	...	...	360,000
³ Timber and Hard Woods	...	...	...	...	180,000
					<hr/>
					\$1,050,000
2 per cent. Port Dues (on Import Dues)...					360,000
Octrois in Federal District	...	...	...	...	205,000
Tonnage, Lighthouse, Pilotage and Warehouse Dues	...	...	...	...	110,000
Consular Dues	...	...	...	...	210,000
Transit, Navigation and Sanitary Dues	...	...	...	...	60,000
					<hr/>

Total Revenue derived from Taxes on Foreign Trade ... \$19,995,000

Stamps—

Ordinary Stamps	...	...	...	...	6,396,053
⁶ Special Stamps for the 30 per cent. on State and Municipal Revenues...					5,100,000
2 per cent. on Import Dues payable in Stamps	...	...	...	...	360,000
Stamps for Enfranchisement of Landed Property	...	...	...	...	70,000
Tax on Mining Property	...	...	...	...	195,000
⁷ Stamp Tax on Manufactured Tobacco	...	...	...	...	900,000
⁸ Special Stamps for Alcoholic Beverages	...	...	...	...	500,000
⁹ Do. on first sale of Cotton Fabrics and Thread	...	...	...	...	1,100,000
Stamps on Certificates of Signatures	...	...	...	...	8,000
					<hr/>

Total Stamp Revenue ... 14,629,053

¹⁰ Direct Taxes in Federal District and Territories	...	...	...	...	1,500,000
Tolls	...	...	...	...	1,550,000
¹¹ Succession Tax	...	...	...	...	250,000
¹² Tax on Salaries	...	...	...	...	1,150,000
¹³ Mints	...	...	...	...	1,105,000
¹⁴ Post Office	...	...	...	...	1,180,000
¹⁵ Telegraphs	...	...	...	...	550,000
National Lottery	...	...	...	...	225,000
Unclassified Revenues	...	...	...	...	440,000
Arrears of former Budgets	...	...	...	...	500,000
					<hr/>
Total Revenue	...	...	...	...	<u>\$43,074,053</u>

Comparing this amount with the total Expenditure, \$43,054,372, there appears a small surplus of \$19,681.

REMARKS.

(Where not otherwise mentioned the estimates have been framed on the mean returns of the two preceding years.)

¹ Estimated on the mean of the last two years, plus $1\frac{1}{2}$ per cent. on the Import Dues hitherto assigned to the Municipal authorities.

² Exports of Coffee, 11,000 kilos. in 1892-3; 14,500,000 in 1893-4; for the present year probably 17,000,000.

³ Mean yield of two previous years, plus \$60,000 from the extension of the Duty to Dyewoods, and \$20,000 at least from a more equal mode of levying this Tax.

⁴ Increased by \$1 for each \$500 over \$1,000 in the amount of Invoices.

⁵ For the first time paid into the Federal Treasury instead of to the local authorities.

⁶ This was formerly 25 per cent.

⁷ This is a new Tax, having been in force three months only.

⁸ This is a new Tax.

⁹ This is a new Tax.

¹⁰ This Tax produced \$1,306,743 in 1890-1, \$1,369,225 in 1891-2, and \$1,435,876 in 1892-3.

¹¹ In addition to the value of Stamps required on Deeds and Transfers.

¹² According to statistical returns this Tax will yield 240 per cent. over the present amount of \$481,332. The 5 per cent. and 10 per cent. deducted from Salaries under the Law in force saves the nation about \$1,200,000. This would give, in round figures, about \$1,700,000. It will be seen, therefore, that the Government employé is relieved of no less than \$500,000 by the change in the mode of levying these Taxes.

¹³ The Government hope to take over the Mints, which have hitherto been worked by lessees and held as security for advances made to the Treasury.

	1890-1.	1891-2.	1892-3.
¹⁴ Post Office ...	\$1,085,153	\$1,127,563	\$1,153,401
¹⁵ Telegraphs ...	462,076	502,801	526,495

The Report then goes on to recount the measures adopted from the beginning of the year 1892-3, to retrench the expenditure and increase the revenue.

The saving of expenditure is given at \$8,053,000
and the gain from additional taxation 5,675,000

\$13,728,000

This sum represents the effort made by Mexico to retrieve the national finances, and avoid the disgrace of a default in the service of the State Debt.

Señor Limantour, with pardonable pride, closes his message in the following terms :—

This result should be to every Mexican a cause of honest satisfaction. A country whose administration, including the Army and Navy, costs only \$25,000,000 per year, and which applies \$17,000,000 to the service of its Debt and remittances abroad ; a country which, in the midst of the crises brought about by the loss of several successive harvests and the ruin of many of its industries, valiantly sets to work to make good, in the space of a year, so large a deficit, gives a proof of extraordinary vitality, deserves the consideration and confidence of the whole world, and justifies its hopes of a prosperous future on the basis of an unassailable credit and a judicious development of its natural wealth.

He then goes on to justify the action of the Government in contracting for a loan to redeem advances, which it would have been too heavy a burden upon the resources of the present generation to pay off at once out of Revenue, and concludes by reminding Congress, in forcible language, that the country is far from being in a position to rest from its task of financial reorganization. All that can be done for the moment, has been done, but unremitting attention will be required if the full results are to be obtained from the efforts now made, and he calls on the Deputies in the name of patriotism to assist him in carrying out the programme sketched out and laid before them.

The following Returns of Revenue received during 1892-3 have been issued :—

Proceeds of Stamp Tax :

Federal Contributions	\$4,316,204
Internal Revenue	3,182,711
Document Stamps	2,663,706
Tobacco Stamp Tax	226,625
Other Stamp Duties	870,260
Total	\$11,259,506
<i>Less Salaries</i>	<i>\$740,863</i>
<i>Cost of Remittances</i>	<i>134,066</i>
	874,929
Nett Revenue from Stamps	<u>\$10,384,577</u>

The following are the amounts from all sources received up to the present for the half-year ending 31st December, last :—

Direct Taxes...	...	...	...	...	...	...	\$699,796
Indirect Taxes Federal District	...	...	...	...	...	...	834,028
Stamp Taxes...	...	..	...	...	...	...	6,489,306
<i>Customs :—</i>							
Import Duties	...	...	...	...	...	...	\$7,977,668
*Export „	...	...	...	...	...	...	305,002
Port Dues	...	...	...	...	...	...	199,875
Other Duties	...	...	...	...	...	...	116,180
Arrears	...	...	...	...	...	...	521,839
Total for the Half-year							9,120,564
							\$17,143,694

* Including Coffee, \$110,614 ; Henequen, \$160,267 ; Wood, \$32,063.

NATURE AND VALUE OF MEXICAN EXPORTS DURING THE LAST TWO YEARS.

GENERAL MERCHANDISE.

Description.	Fiscal Year 1892-3.	Fiscal Year 1891-2.
	\$	\$
Beans	130,045	127,552
Chicle	599,963	703,572
Coal	33,960	221,154
Coffee	8,727,119	5,514,355
Copper	2,265,881	860,379
Fruits	104,042	105,395
Henequén	8,893,071	6,358,220
Honey	118,572	172,722
Ixtle Fibre	588,487	617,300
Lead	345,646	2,363,521
Marble	349,233	169,655
Peas	95,533	283,252
Skins and Hides	2,067,156	1,931,791
Tobacco	1,459,690	1,746,928
Vanilla	967,815	969,612
Wheat	32	268,939
Woods, Various	1,673,738	1,676,351
Zacaton Root	890,560	898,631
Other Articles	1,694,273	1,341,082
Totals	31,004,916	\$26,330,411

PRECIOUS METALS.

Description.	1892-3	1891-2
	\$	\$
Gold Ore	145,785	31,289
Coined Foreign Gold	2,912	33,684
Coined Mexican Gold	113,964	175,524
Gold Bullion... ..	357,887	751,408
Mixed Gold	404,563	...
Silver Ore	10,940,750	10,478,264
Coined Foreign Silver	232,771	97,885
Coined Mexican Silver	27,170,865	26,478,376
Silver Slag	19,292	3,900
Mixed Plate, Silver and Gold	2,977,994	1,294,087
Silver Bullion	5,148,599	6,559,670
Sulphuret of Silver	1,584,202	1,458,096
Argentiferous Lead	7,402,641	1,457,878
Argentiferous Copper	2,080	317,243
Total	56,504,305	49,137,304

SUMMARY.

	\$	\$
General Merchandise	31,004,916	\$ 26,330,411
Precious Metal	56,504,305	49,137,304
Total Exports	87,509,221	75,467,715

Thus the increase in the value of Exports over the previous fiscal year was as follows :—

General Merchandise	\$4,674,505
Precious Metals	7,367,001
Total Increase	<u>\$12,041,506</u>

Comparison of the value of Exports to the principal countries of Europe and America during the last two years.

Country of Destination.	Fiscal Year 1892-3.	Fiscal Year 1891-2.
	\$	\$
Belgium	915,272	340,660
Colombia	44,468	31,049
England	14,725,011	15,267,956
France	3,733,340	4,644,385
Germany	3,323,603	4,344,231
Guatemala	255,956	143,740
Russia	53,660	26,200
Spain	601,294	661,850
United States	63,837,643	49,932,665
Other countries... ..	18,974	74,979
Totals	87,509,221	75,467,715

It will be observed that while there was a considerable falling off in the Exports to most of the countries of Europe, those to the United States more than counter-balanced the loss, with an increase of about 28 per cent. on the previous year.

The returns of Imports have not as yet been issued.

The following is a *resumé* of the total Shipping movement of the Republic, including vessels engaged in the Interior and the Foreign Trade for the fiscal year 1892-93, as compared with that of the previous year 1891-92 :—

ENTERED.

Years.	Steamers.		Sailing Vessels.	
	No.	Tonnage.	No.	Tonnage.
1892-93 ...	3,680	2,700,915	5,499	353,863
1891-92 ...	3,229	2,368,670	5,391	320,479
Gain in 1892-93	451	332,245	108	33,384

CLEARED.

Years.	Steamers.		Sailing Vessels.	
	No.	Tonnage.	No.	Tonnage.
1892-93 ...	3,666	2,696,853	5,543	329,510
1891-92 ...	3,172	2,315,515	5,413	308,710
Gain in 1892-93	494	381,338	130	30,800

NEW ZEALAND.

NEW PLYMOUTH HARBOUR BOARD SIX PER CENT.
LOAN.

Original Amount	...	...	...	£200,000
Amount Outstanding	...	...	...	184,000

Committee of New Plymouth Harbour Board
Six per Cent. Debenture-holders.

Right Hon. Sir John Lubbock,
Bart., M.P., *Chairman*.
Walter Busby, Esq., *Vice-Chair-*
man.
A. W. Ballance, Esq.
Hyde Clarke, Esq.
Gilbert Farie, Esq.
Daniel de Pass, Esq.

E. C. Schomberg, Esq.
J. S. Scrimgeour, Esq.
General Sir Luther Vaughan,
K.C.B.

Secretary.
Charles O'Leary, Esq.

In resuming the account of the negotiations from the point at which they had arrived in last year's Report, it is the painful duty of the Council to record the death of the late Premier, Mr. Ballance, which took place on the 27th of April, 1893.

It will be remembered that the Chairman had addressed a private note to that gentleman, assuring him of the desire

of the Council to come to an amicable settlement of the matter in dispute. That letter was dated the 10th of January, and the reply, which was written on the 18th of March, reached the Chairman one day after the news of Mr. Ballance's death had been received. The text of that reply cannot be given here, being of a more or less confidential character. It is, however, couched in conciliatory terms, and while not admitting the responsibility which the Committee believe rests upon the Government, expresses a belief that the Bondholders

"are in a better position than if the Government had offered them a guarantee and it had been accepted,"

and further that

"The settlement of Taranaki is proceeding rapidly. The rating area is thus being greatly increased, and it will not be long before the default will be effaced by the payment of arrears and current interest."

In view of the opinion, so expressed, the Committee thought it wise to await the development of events for the time.

Meanwhile the question has not been allowed to rest, and has formed the subject of discussion on several occasions in the New Zealand Parliament. On the 13th of September, Mr. McGuire, the Member for Egmont, in the Taranaki District, moved the adjournment of the House for the purpose of calling attention to the case of the Bondholders, and, as will be seen from the following letter which he has recently addressed to the Vice-Chairman of the Committee, hopes during the coming Session to induce the Government to set up a Court of Equity to adjudicate upon the claims of the Board.

[Copy.]

MOUNT ROYAL,
HAWERA,
18th December, 1893.

WALTER BUSBY, Esq.,
24, Throgmorton-street, London, E.C.

DEAR MR. BUSBY,

New Plymouth Harbour.

I must tender you my apology for my delay in answering your letter. I posted to you a copy of a debate that took place in the House last Session upon the matter, and determined to write after the Session and General Election, which events have taken place. I am again returned for Egmont, and will therefore be still in a position to raise my voice in the Bondholders' behalf. I think it scarcely necessary to employ a special Agent just at present, for the following reasons : That in consideration of my having been able to induce the Government to purchase about 250,000 acres of native land in the Harbour rating district of Taranaki since I entered Parliament, and having got the land brought into the market and settled, and in consequence of other lands they have arranged to purchase, the burden of the rate will now be borne by a greater number of ratepayers, and therefore the Board's ability to meet their engagements will steadily improve ; my efforts, I am pleased indeed, have in this direction exceeded my friends' most sanguine expectations.

It was difficult during the last Session of the past Parliament to induce members to consider Harbour matters, but during the coming Session I hope, with the assistance of other members, to be able to induce the Government to set up a Court of Equity for the purpose of adjudicating upon the Board's claims. I may visit London at an early date, when I hope to have the pleasure of calling upon you.

With compliments of the season,

I am, dear Sir,

Yours sincerely,

(Signed) F. MCGUIRE.

The Circular calling in the Bonds issued to the Debenture-holders in March last, in pursuance of the Resolution of the General Meeting of February, 1893, received a ready response, seventy-three holders having sent in Bonds to the

amount of £72,400, the corresponding Certificates being duly issued by the Council.

Two payments on account have been notified by the Bank of New Zealand, the Agents of the Loan, viz., on the 1st May, 1893, the balance of 11s. 8d. per £1 on the Coupon of May, 1892, and an instalment of 16s. 8d. per £1 on the Coupon of November, 1892; and on the 19th October following the balance of 3s. 4d. per £1 on the last-named Coupon, together with an instalment of 15s. per £1 on that of May, 1893.

These payments were made on presentation of the Council's Certificates and the amounts stamped on those documents, the Council undertaking the cutting off of the Coupons and collecting their value from the Bank of New Zealand, whom they have to thank for giving them every facility for communicating with the holders.

* The amount required for the complete service of Interest on the £184,000 outstanding at 6 per cent. per annum is £11,040

The amount in arrear for Interest is as follows:

Balance of May Coupon, 1893	...	...	£1,380
Coupon of November, 1893	...	...	5,520
Total arrears of Interest	...	...	£6,900

PARAGUAY.

External Debt of 1886, outstanding on the 1st February, 1893	£830,000
Interest overdue for 4 Coupons from 1st July, 1892, to 1st January, 1894, inclusive, at £12,750 per Coupon	51,000
	<hr/> £881,000
Amount of Guarantee due from Government to Paraguay Central Railway to 2nd December, 1893... ..	164,855
Total... ..	<hr/> <hr/> £1,045,855

Paraguay Committee.

Rt. Hon. Sir John Lubbock,
Bart., M.P., *Ex officio*.
Hyde Clarke, Esq.
George Herring, Esq.
L. R. Lack, Esq.
J. Percy Leith, Esq.
F. P. Obicini, Esq.
M. Van Raalte, Esq.

Rt. Hon. Sir Edward Thornton,
G.C.B.
S. Leith Tomkins, Esq.
E. Zuccani, Esq.

Secretary.
Charles O'Leary, Esq.

It was mentioned in last year's Report that the Government of Paraguay having failed to meet the service of the External Debt and Railway Guarantees, was desirous of entering into an Arrangement to issue Moratorium Bonds for a limited period, in the hope of being able to resume cash payments when the financial condition had improved.

A project of Law, formulating a scheme for the funding of the above-mentioned Interest and Railway Guarantees, by the issue of 4 per cent. Bonds, was accordingly submitted

to Congress, which, however, separated without coming to a decision. Mr. White, the able Agent of the Council in Asuncion, had intimated that if the Arrangement could be provisionally accepted by a General Meeting of Bondholders, the Government would again lay it before Congress in the spring of 1893.

In compliance with the desire so expressed, the Committee, in consultation with some of the largest Bondholders, resolved to recommend its acceptance, provided the Interest on the Moratorium Bonds were secured by a specific assignment of Customs Dues, to be handed over weekly to the Agent of the Bondholders in Asuncion.

Mr. White was furnished with instructions to that effect, and on the 24th of May, 1893, the President, in a special message, submitted to the consideration of Congress the *ad-referendum* Arrangement entered into between the Executive Power and the above-named gentleman, as Agent of the Council, for the settlement and future payment, by the issue of Moratorium Bonds, of the Interest on the External Debt of 1886. This Arrangement, though unanimously approved of by the Chamber of Deputies on the 12th July, was afterwards thrown out by the Senate on the 16th September.

This action of the Senate may be attributed to the existence of strained relations between the majority of the Senate and the Executive Power, arising out of the Presidential question. But, although the Senate rejected the Moratorium Project, it is satisfactory to observe that they recognise the justice of the claims of the creditors of the nation, and are of opinion that the Government should pay the Coupons and Guarantee to the Paraguay Central Railway Company in full, and submit to Congress a Bill

establishing a new tax, which shall provide the necessary funds for that object.

The Contract entered into between the Government and the Paraguay Central Railway Company, upon similar lines to the Arrangement proposed by the Government to the Bondholders, for the settlement of the Guarantee due to the Company, was likewise rejected.

With reference to the prospects of the Bondholders, the Council are given to understand that the President of the Republic and his Ministers are animated by a desire to arrive at a settlement, but the attention of Congress will probably be too much occupied during the present year with questions of local interest to give much thought to other questions, and it is feared that any negotiations will be postponed until 1895.

In rejecting the proposals the Senate expressed an opinion that the Government were ill-advised in proposing an issue of Moratorium Bonds, and that the nation should make every sacrifice to pay their debts in full. This would involve some additional taxation.

The following Table shows the Revenue and Expenditure Returns for the years 1885 to 1892 inclusive:—

Year.	Average Price of Gold.	Ordinary Revenue.	Expenditure.	Deficit.	Extraordinary Revenue.
1885	108	\$826,359	\$1,307,023	\$480,664	\$609,510
1886	124	1,206,339	1,602,268	395,927	1,760,410
1887	135	1,358,317	1,635,164	276,847	1,686,244
1888	151	1,683,852	2,791,558	1,107,706	1,788,607
1889	156	1,734,372	4,258,348	2,523,976	{ 815,000 Land. 1,500,000 Railway.
1890	167	1,411,739	3,242,630	1,830,891	320,372
1891	484	1,457,389	2,485,203	1,027,814	190,328
1892	608	2,360,166	3,829,569	1,469,403	371,340

The extraordinary receipts derived from the sales of Fiscal Lands reduced to some extent the deficits of each year, but it is to be regretted that the financial position of the nation should have compelled the Government to sell the most valuable assets possessed by the State. Most of the lands sold during the years 1892 and 1893 have been "Yerbales," and have mostly passed into the hands of the Industrial Paraguayan Company, who practically command the monopoly of the Maté trade. During the year 1892 the receipts from sales and rents of Yerbales amounted to \$371,340, as compared with \$190,328 in 1891. The sales effected during 1893 may be estimated to amount to \$500,000.

The Report of the Minister of Finance for the year 1892 gives the Revenue as follows :—

Customs Duties	...	...	...	...	\$2,131,506 ¹⁶
Sales and Leases of Land and Yerba Maté	..			..	371,340 ¹⁷
Sundry Revenues	...	...	...	...	228,660 ²⁸
Total	...	...	...	...	<u>\$2,731,507¹⁶</u>

Comparing this with the returns for 1891, viz., \$1,647,717⁴⁹, there is an improvement of \$1,083,789⁶⁷. This increase is mainly derived from Customs and the sale and letting of Yerbales.

The Expenditure was as follows :—

Estimated Ordinary Expenditure	..	...	...	...	\$1,888,868 ¹⁵
Expenditure in virtue of Special Laws	...	...	...	...	825,846 ⁹¹
Cost of Printing Government Paper	...	...	...	...	53,885 ⁶⁸
Drawbacks, etc.	...	...	...	...	31,200 ⁹⁷
Amortizations	...	...	...	...	618,568 ⁹⁹
Extraordinary Expenditure...	...	...	...	...	411,201 ⁹¹
Total	...	...	...	...	<u>\$3,829,569²¹</u>

Comparing this with the previous year's Expenditure

viz., \$2,485,203⁰⁹, an increase is shewn of no less than \$1,344,366¹², which more than absorbs the improvement in the Revenue above referred to. The deficit of \$1,098,062 was covered by an issue of Treasury notes.

The Revenue and Expenditure Returns for 1893, not yet complete, may be approximately estimated at an increase of about 30 per cent. and 20 per cent. respectively on those of 1892.

Say Expenditure	...	...	...	...	...	\$4,595,480
„ Revenue	...	...	...	...	...	3,550,960
Approximate Deficit	...	...	...	...	...	<u>\$1,044,520</u>

Imports for the year 1892 amounted to \$2,190,116 gold, as compared with \$1,802,326 gold, in 1891, or an increase of over 20 per cent. Exports for the year 1892 amounted to \$9,296,700 paper, as compared with \$3,166,136 gold in 1891. Taking the average price of gold during the year 1892 at 600 per cent., the Exports for that year, reduced to gold, would amount to \$1,549,450, which shows a falling off of over 50 per cent. as compared with 1891.

Exports for the year 1893 will show a still further falling off, as there has practically been no exportation of Tobacco. This is due to the Argentine Government having imposed an Import Duty of 50 cts. gold per kilo on all Paraguayan Tobaccos, and means a loss of \$3,500,000 to Paraguayan trade.

There is very little movement in trade, and as the Imports for 1893 will exceed those of 1892, the balance of trade against the country may be estimated at \$8,000,000 paper.

The average price of gold was 140 in 1890; 475 in 1891;

600 in 1892; and in 1893 it had risen to 630. The lowest price for 1893 was 560 in January, and the highest 657 in September.

The liquidation of the National Bank which was decreed in May, 1892, is still proceeding. The amount of notes still in circulation is about \$5,000,000. Of the \$1,000,000 Treasury notes that were issued in 1892, about 30 per cent. had been amortised up to the end of last year. At the end of the financial year 1892, the Floating Debt amounted to \$403,415.

The salaries of all Government officials were paid with regularity during 1893.

It is satisfactory to note that the Government have adopted measures which may materially assist in bringing about an improvement in the financial and economical condition of the country.

The Government, recognising that any considerable developments of the great natural resources of the country must depend upon foreign immigration, are doing all in their power to encourage it. In 1892 an official Colony was founded near the line of railway, in the department of Caazapa, now styled "Colonia Presidente Gonzalez," and some two hundred families are settled there. The majority of the colonists are practically in a position to support themselves. New colonists receive assistance from the Government to the extent of \$1 for every adult, and 50 cents for every child, per day, for a period of six months. The produce of the Colony has been principally timber, as the bulk of the land was forest land, and had to be cleared before it could be planted. The soil is very rich, and in the course of a year or two large crops of Tobacco, Maize,

Lucerne, Beans and Vegetables should be produced. Wheat has been sown lately, on a small scale, with very satisfactory results.

Another instance of the enlightened policy of the Government is to be found in the establishment of the new Australian Colony in the Department of Ajos, about fifteen miles distant from the Villa Rica Railway Station.

In 1892 the Government were approached by the Representatives of an Association of Australian Agriculturists and Artizans, who, for reasons that need not be entered into in this Report, were desirous of establishing themselves in South America. These Representatives visited Brazil and the Argentine Republic, but, having received offers of a larger concession of land from the Paraguayan Government, they elected to make their new home in this country.

The concession of land which the Australian colonists will receive has an area of 75 square leagues, or about 350,000 acres. The Association undertook to introduce 1,250 families within a term of three years, and the first batch, consisting of 250 persons, arrived in Paraguay on the 26th September last.

The Government, having no suitable fiscal lands at its disposal wherewith to endow the Australian Association, was compelled to purchase from private owners, and appropriated the bulk of the funds received from the sales of "Yerbaes" during the year 1893 to the purchase of lands in the Department of Ajos. These lands were bought at prices varying from £80 to £160 the square league.

PORTUGAL.

LOANS OUTSTANDING, EXTERNAL AND INTERNAL.

Three per Cent. Loans, 1853-1884 (External Debt), present amount	£46,424,460
Three per Cent. Loans, 1853-1884 (Internal Debt) ...	57,398,370
Four and a-Half per Cent. Bonds, 1853-1884 (1888 and since)	15,958,505
Four per Cent. Bonds, 1853-1884	2,495,779
1891 4½ per Cent. Bonds Tobacco Monopoly Loan, total amount	9,686,000
Total	<u>£131,963,114</u>

Committee of Portuguese Bondholders.

The Rt. Hon. Sir Edward
Thornton, G.C.B., *Chairman*.
C. E. Barnett, Esq.
W. H. Bishop, Esq.
Right Hon. J. Bryce, M.P.
F. W. Campion, Esq.
Hyde Clarke, Esq.
Herbert Edlmann, Esq.

The Rt. Hon. Sir M. E. Grant
Duff, C.I.E., G.C.S.I.
The Rt. Hon. Sir John Lubbock,
Bart., M.P., *Ex officio*.
Ricardo Palmer, Esq.
A. A. Tilleard, Esq.
Edward Wagg, Esq.
Secretary.
C. O'Leary, Esq.

In April last, after the publication of their last Report, the Council received an unofficial intimation that the Portuguese Government were disposed, while reserving their liberty of action, to confer at Lisbon with delegates

from the Bondholders' Committees on the subject of the Debts ; but in view of the arbitrary behaviour of the Government in refusing to ratify the Convention concluded with M. Serpa Pimentel in 1892, the Committee hesitated to avail themselves of that invitation unless it should be couched in more definite terms. As, however, the Belgian and German Committees had resolved to take part in the Conference, and the Amsterdam Committee had determined to send Mr. Sprenger Van Eyk to represent Dutch interests, the Committee resolved to request that gentleman to report to them the proposals of the Government without committing them to any definite course of action.

After an interchange of views the Government made the proposals which were afterwards formulated in the Law known as the Law of 20th May, 1893, a translation of which is given below :—

[*Translation.*]

Text of Law dealing with the External Debt.

ARTICLE I. The provisions of the Decree of 13th June, 1892, are confirmed and declared definitive, except in so far as they are modified by the following subsections.

§ 1. The surplus, from the 1st of July, 1893, of the yield on the mainland and adjacent isles, both of the Import Duties on miscellaneous merchandise (tobacco and cereals excepted) and of the Export Dues, over and above a total of 11,400 contos of reis, shall be distributed proportionately at the rate of 50 per cent. in currency, among the Bonds of the External Funded Debt issued up to this date, with the exception of those issued in pursuance of the Decree of 30th March, 1891.

§ 2. One moiety of the annual difference below 22 per cent. in currency,* from and after the 1st July, 1893, in the amount of the premium on gold for the remittance of funds abroad to secure the payment of one-third of the Coupon fixed for the Bonds treated of in Subsection 1 of the Decree of 13th June, 1892, and the service of the respective Sinking Funds, shall be, in like manner, distributed among the Bonds of the External Funded Debt.

§ 3. The sum total of the payments in currency referred to in the preceding subsections and the percentage of $33\frac{1}{3}$ at present received by the External Bonds shall not exceed 70 per cent. of the nominal value of the Coupons on the said Bonds.

§ 4. Any and every benefit which may be conceded to the Holders of Bonds of the Internal Funded Debt, by reduction of the Income Tax imposed by the Law of 26th February, 1892, or in any other form, shall be forthwith conceded to the Bonds of the External Debt.

§ 5. When an equality shall have been established between the Bonds of the External and Internal Debt mentioned in the preceding paragraphs, the moiety of the increase in the Customs receipts, and

* The following Table shows the premium on gold from 22 per cent. to par, in thirds of a penny.

Price per Milreis.	Premium for Gold.	Price per Milreis.	Premium for Gold.
<i>d.</i>	%	<i>d.</i>	%
43 $\frac{1}{3}$	22 ^{·187}	48 $\frac{1}{3}$	9 ^{·888}
44	21 ^{·212}	49	8 ^{·848}
44 $\frac{1}{3}$	20 ^{·300}	49 $\frac{1}{3}$	8 ^{·108}
44 $\frac{2}{3}$	19 ^{·403}	49 $\frac{2}{3}$	7 ^{·382}
45	18 ^{·518}	50	6 ^{·566}
45 $\frac{1}{3}$	17 ^{·647}	50 $\frac{1}{3}$	5 ^{·960}
45 $\frac{2}{3}$	16 ^{·787}	50 $\frac{2}{3}$	5 ^{·263}
46	15 ^{·942}	51	4 ^{·575}
46 $\frac{1}{3}$	15 ^{·107}	51 $\frac{1}{3}$	3 ^{·896}
46 $\frac{2}{3}$	14 ^{·285}	51 $\frac{2}{3}$	3 ^{·220}
47	13 ^{·475}	52	2 ^{·564}
47 $\frac{1}{3}$	12 ^{·676}	52 $\frac{1}{3}$	1 ^{·910}
47 $\frac{2}{3}$	11 ^{·888}	52 $\frac{2}{3}$	1 ^{·265}
48	11 ^{·111}	53	0 ^{·608}
48 $\frac{1}{3}$	10 ^{·344}	53 $\frac{1}{3}$	par.

To find the premium on gold, divide 16,000 by three times the rate of exchange for milreis in pence, and point off the left-hand figure. The operation can be carried on in decimals to any desired degree of accuracy.

The present rate, 40d., equals $33\frac{1}{3}$ per cent. premium.

For the converse operation, divide 16,000 by the gold premium plus 100. One-third of the quotient will give the price per milreis in pence.

The equivalent of 22 per cent. premium correct to three places of decimals is 42^{·716}d. per milreis.

of the decrease in the gold premium under the terms of this Law shall be applied to the proportional increase up to par of the dividends on the Funded Debt, both Internal and External.

§ 6. The Government shall reconstitute the Junta of Public Credit, entrusting to it the service of the Funded Public Debt, External and Internal, in the terms of this Law, and of that of the 26th February, 1892. The Junta shall consist of five members, one elected by the Chamber of Peers, one by the Chamber of Deputies, one nominated by the Government, and two by the Holders of Consolidated Bonds. From among these the Government will select the President. The members of the Junta shall be Portuguese.

§ 7. A fresh term of three months, dating from the publication of this Law, which shall not, however, expire before the 1st September, 1893, inclusive, is granted for the Conversion as provided for in Article 4 and its subsection, of the Decree of 13th June, 1892.

§ 8. The Government shall decree the necessary measures for the exact fulfilment of this Law, and the special formalities carried out in the past half-year in accordance with Article 3 of the Decree of 13th June, 1892, shall be discontinued.

§ 9. The Government is relieved of the responsibility incurred by it in the publication of the said Decree of the 13th June, 1892.

ARTICLE 2. All legislation to the contrary is repealed.

This Law received the Royal Assent on the 19th of May, and is known as the Law of the 20th of that month.

Following the promulgation of this Law the Government instructed their Agents abroad to discontinue the issue of "Declarations" reserving the right of the Bondholders to the unpaid two-thirds of the Coupons, on the ground that the question had been definitely settled. As, however, no arrangement had been come to with the Committee, and as no provision had been made for the retirement of the past Certificates and Declarations, the Council, at the request of the Committee, and in concert with the Continental Committees, decided to resume the issue of Certificates in respect of the unpaid

balance of the July Coupon. An intimation of this decision was conveyed to the Government in the Council's letter of the 11th of July, 1893, recapitulating the facts of the case, and urging them to make some provision for the redemption of the Certificates and other documents issued against the unpaid two-thirds. To this letter the Council received a reply of which the following is a translation :—

[*Translation.*]

MINISTRY OF FINANCE, LISBON,
4th August, 1893.

Sir JOHN LUBBOCK, London.

SIR

Confirming my telegram of the 2nd inst., acknowledging the delayed arrival at this Department of your letter of the 11th July last, I have the honour to make the following declarations in the name of His Excellency the Minister of Finance.

1. That the delivery of Declarations by the Government Bankers for the unpaid two-thirds of the Coupons, was authorised as a provisional measure, in accordance with the terms of the Decree of 13th June, 1892, subject to the decision of Parliament.

2. That Parliament, having ratified this Decree in the terms of the Law of 20th May last, by this Law expressly orders the cessation of the formalities employed during the previous half-years for the payment of Coupons.

3. That the legal advisers of the Crown have declared to the Government that this cessation should include all the Coupons unpaid at the date of the promulgation of the Law, because the latter cancels all former Acts, excepting those which it confirms.

4. That Mr. Van Eyk having expressed the idea that it would be possible to apply to the purchase of the Certificates delivered up to the date of the promulgation of the Law of the 20th May last, a portion of the amounts to be distributed in the future amongst the Holders of the External Debt under Subsections 1 and 2 of Article 1 of the same Law, the Government declared to him that no objection would be made so soon as all the parties interested should come to an accord, without any increase of the charges on the Treasury or recognition of any rights beyond those fixed and defined in the said Law of 20th May last.

As Mr. Van Eyk accepted this doctrine, and as the Government continues of the same opinion, His Excellency the Minister of Finance desires me to communicate to you that independently of the publication of the Decree for carrying out the Law of 20th May, arrangements will be made in due time for effecting the distribution authorised by the said Law, taking note, if there is occasion for it, of the accord mentioned by Mr. Van Eyk.

Accept, etc.,

L. PERESTRELLO, etc., etc.,

Director of the Treasury.

Subsequently, on the 16th of August, a Decree, from which the following is an extract, providing for the execution of the Law of May 20th, was issued :—

[*Translation.*]

Extract from the Decree for carrying out the Law of 20th May.

ARTICLE 9. The amount of the appropriation for the Internal and External Public Debt, deducting Income-tax in the case of the former, shall be delivered by the Ministry of Finance to the Bank of Portugal to the order of the Junta of Public Credit.

§ 1. The delivery referred to in the present Article shall be effected by twelfth parts on the 10th day of the month to which they correspond.

§ 2. The Bank shall enter the sums received to—*account of the Junta of Public Credit.*

Special arrangements shall be made with the Bank as to Commission, which shall be liquidated at the same time as the Interest on the Current Account of the Treasury. Similar arrangements shall be made with regard to the Foreign Agencies in regard of transfers on account of the Junta of Public Credit.

§ 3. The Revenues expressly appropriated to the service of the Funded Debt, in the terms of Article 10 of the Law of 26th February, 1892, and Subsections 1 and 2 of Article 1 of the Law of May 20th, 1893, shall not be assigned to any Loan or financial operation whatever.

ARTICLE 10. The Interest on the Bonds of the Funded External Debt, both consolidated and redeemable, shall be paid abroad as follows :—

1. Interest due prior to 1st January, 1892, at its nominal value.
At one-third of its nominal value if due subsequently to that date; Coupons due 1st April, 1892, on the Four and Four and a-Half per Cent. Loans, are, however, payable in Portugal in currency with a deduction of 30 per cent. at the option of the Holder.
2. Coupons maturing in the future, at one-third of their respective values, plus such amounts as may be available in the terms of the Law of May 20th.

§ The payments at the different agencies will be made against delivery of the Coupons, the formalities adopted during previous half-years having been discontinued in accordance with the above-mentioned Law.

ARTICLE 11. All remittances to Agents abroad in respect of the service of the External Debt shall be effected by the Bank of Portugal for account of the Junta of Public Credit, upon instructions from the said Junta.

§ The Junta shall, however, bi-monthly advertise for tenders for bills and cheques payable abroad, for the payment of Interest on the External Debt on the following conditions:—

1. The Junta shall fix the places upon which it desires to draw.
2. Tenders shall be received on dated forms and opened in public session on a specified day.
3. Tenders of persons of acknowledged credit only shall be accepted.
4. The paper so purchased shall be liquidated by the Bank of Portugal, by whom it shall be remitted to the Agents charged with the service of the Loan abroad.

ARTICLE 12. The Interest on the Internal Debt shall be paid by the Bank of Portugal and its agencies on the instructions of the Junta of Public Credit.

ARTICLE 13. Interest on the Public Debt, consolidated and redeemable, not claimed within five years from maturity, unless sufficient cause for the neglect be shown, shall be prescribed in favour of the Treasury.

ARTICLE 14. At the end of each month the following returns are to be furnished to the Junta of Public Credit with respect to the previous month:—

1. By the Chief Accountant, a table of the amount of Import Dues (tobacco and cereals excepted) and of Export Dues.
2. By the Bank of Portugal, a certified statement of the movement of the *Deposit Account of the Junta of Public Credit*.

§ The Junta shall upon receipt of such returns, publish at home and, through the Consuls, abroad, a declaration setting forth the information so furnished.

ARTICLE 15. At the end of each financial year from and after the 1st July, 1893, the Junta shall cause to be published, as indicated in the sole subsection of the foregoing Article, a statement of the difference, if any, below 22 per cent. during the year in the premium paid for gold remittances for the service of the External Debt issued prior to the 20th May, 1893, with exception of the Loan of 26th February, 1891.*

ARTICLE 16. The liquidation of the Annual Return of Import and Export Dues assigned in Paragraph 1 of Article 14, and of the difference in the gold premium, mentioned in the preceding Article having been completed, the Government shall deliver to the Bank of Portugal to the order of the Junta the following amounts in currency :

1. One moiety of the surplus of the proceeds of the above duties over 11,400 contos assigned in Subsection 1 of Article 1 of the Law of the 20th May, 1893.
2. One moiety of the difference in the gold premium, liquidated in the terms of the foregoing Article, and according to the provisions of Subsection 2 of Article 1 of the said Law.

§ For the purposes of this Article, the Government shall at once, through the Ministry of Finance, give the necessary instructions for the opening of the corresponding Accounts.

ARTICLE 17. The operations indicated in the foregoing Articles having been carried out, the Junta of Public Credit shall determine what sum, in currency, shall be distributed per Coupon of the different classes of External Debt issued up to May 20th, 1893.

§ 1. This distribution shall be announced forthwith at home and abroad in the form indicated in the sole subsection of Article 14.

§ 2. Up to the 15th of the month preceding the date upon which the Coupon entitled to participate under the terms of this Article becomes payable, Holders of External Bonds shall have the option of declaring that they will receive the amounts to the distribution of which they are entitled, in Portugal, and in currency.

§ 3. In default of such declaration, made in the terms of the foregoing paragraph, it will be held that the respective Holders expressly desire to receive the amounts due to them at the Government Agencies abroad ; the cost, in this case, of the remittance of funds for the final distribution being debited to the Bondholders.

* (Tobacco Loan.)

§ 4. The Junta do Credito Publico shall take the necessary measures for carrying out these provisions, provided that such distribution of the total fund shall not entail on the Treasury, in currency, a greater charge than that fixed in the Law of the 20th May, 1893, and provided that the rate of exchange be in favour of the Holders of External Bonds.

§ 5. The Junta do Credito Publico is however empowered to propose to the Government any modifications of §§ 2 and 3 of this Article as experience may suggest to them, provided that such modifications do not entail a larger charge on the Treasury than that fixed by the Law of 20th May, 1893, and that they better safeguard the legitimate interests of the Holders of External Bonds.

ARTICLE 18. The payment of the amounts referred to in the preceding Article shall be made to the Holders of *Coupons* of the half-year immediately succeeding the close of the year to which the distribution corresponds.

ARTICLE 19. The amounts which, in the terms of Article 10 of the Law of the 26th February, 1892, and of that of the 20th May, 1893, constitute the appropriation for the Internal and External Public Debt, shall not be diverted from strict application to that object.

§ The Members of the Junta of Public Credit shall be held individually and collectively responsible for any infraction of the terms of this Article, and no order to the contrary, upon whatever authority it may be given, shall relieve them of such responsibility.

Articles 1 to 8 of the above Decree relate to the constitution of the Junta, and the qualifications of its Members, and Articles 20 to 25 to formal details of the internal administration of the Junta.

As this Decree, contrary to the understanding come to at the Lisbon Conference, contained no provision for the redemption of the past Certificates and Declarations, and as no independent arrangements were made for that purpose as promised in the letter of the 4th of August, it became necessary to adopt measures to press upon the attention of the Government the necessity for making some such provision.

Invitations were accordingly sent to the Continental Committees to a Conference which met in London on the

17th November last, at which the Amsterdam, Antwerp and Berlin Committees were represented ; the French Committee, although not represented, afterwards concurring. At that Conference it was resolved that the Continental Committees should join in a collective representation to the Government, insisting on the recognition and payment on equitable terms of the past Certificates and Declarations.

A letter was accordingly prepared and signed by the respective Chairmen of the Amsterdam, Antwerp, Berlin, English and French Committees, and despatched on the 21st December last, pressing for a settlement of that question. Up to the present time no answer has been received.

At the request of the German Committee, who were endeavouring, through the Berlin Foreign Office, to obtain a specific assignment of the Revenues allotted under the Law of May 20th to the External Bondholders, the Committee consented to suspend, for the present, the issue of Certificates in respect of the unpaid portion of the January Coupon, pending the receipt of a reply to the Collective Note above referred to.

Towards the end of the year, Senhor Fuschini resigned his Portfolio owing to the opposition encountered by his proposals for new taxation, and was replaced at the Ministry of Finance by Senhor Hintze Ribeiro.

The annexed Table has been compiled from figures given in the revised Budget of 1893. It shows the nominal amount of the Consolidated and Redeemable Debts of Portugal, Internal as well as External, with the amounts required for the service of Interest and Sinking Fund. It will be observed that the Interest on the External Debt,

with the exception of that of the Tobacco Loan, appears in the Budget at the reduced rate, viz., one-third, while the Interest on the Internal Debt is given in full, the 30 per cent. Income-tax appearing as Revenue in the Accounts.

NOMINAL AMOUNT OF THE PORTUGUESE PUBLIC CONSOLIDATED AND REDEEMABLE DEBT, WITH ESTIMATED SERVICE OF DITTO.

REVISED BUDGET OF 1893.

STOCKS.	EXTERNAL.			INTERNAL.		
	Principal. (O'standing)	Interest. (\$ of Nml. Amount.)	Sinking Fund.	Principal. (O'standing)	Interest. (In full.)*	Sinking Fund.
3 % Consolidated :—	£	£	£	£	£	£
In Circulation ..	44,267,441	442,674	} none.	49,914,494	1,494,435	} none.
Owned by Govt. ..	1,210,470	12,105		22,400,411	672,012	
Unconverted ..	500,309	5,003		27,904	837	
Total	45,978,220	459,782	none	72,342,809	2,170,284	none.
4 % Redeemable :—						
1888	—	—	—	752,844	30,114	8,526
1890	2,367,450	31,567	5,800	139,839	5,593	400
Total	2,367,450	31,567	5,800	892,683	35,707	8,926
4½ % Redeemable :—						
1888	5,635,229	84,529	11,700	2,096,968	94,364	4,300
"	—	—	—	554,597	24,957	1,200
1889	7,986,518	119,797	16,500	333,867	15,024	700
"	167,808	2,517	300	30,617	1,378	100
"	983,808	14,757	2,000	81,887	3,684	200
Total	14,773,363	221,600	30,500	3,097,936	139,407	6,526
Tobacco Loan (4½%) :—		(In full)				
1891 (paid in full)	9,718,800	437,346	132,800	—	—	—
GRAND TOTAL ..	72,837,833	1,150,295	169,100	76,333,428	2,345,398	15,426

SUMMARY :—

Principal :—External Debt	£72,837,833	Interest	External Debt	£1,150,295
Internal ..	76,333,428	Sinking Fund	" ..	169,100
	£149,171,261	Loss on Exchange	" ..	329,848
Less 3 % Bonds owned by Government :—		Interest	Internal Debt	2,345,398
External ..	£1,210,470	Sinking Fund	" ..	15,426
Internal ..	22,400,412	Total Service of Debt ..		£4,010,067
	23,610,882	Less Interest on Bonds owned by Government ..		684,117
Nett Total Principal ..	£125,560,379	Nett Total Interest ..		£3,325,950

* NOTE.—The Coupons of the Internal Debt are subject, on payment, to deduction of an Income-tax of 30 % which appears as Revenue in the Accounts.

These figures are now subject to modification on account of conversions of External into Internal Bonds under the option given in the Law of May 20th.

According to returns published by the Government, the amount of External Bonds thus converted is as follows :—

3 per Cent. Bonds	...	...	...	...	£1,408,640
4 " " "	...	...	...	...	138,280
4½ " " "	...	...	...	...	713,420
Total Converted					<u>£2,260,340</u>

The present relative amounts should therefore be as follows :—

External Debt	...	...	...	...	£70,577,493
Internal " "	...	...	...	...	<u>78,593,768</u>

Gross Total £149,171,261*

* Including stock held by Government. It is not known whether the above statement of External Stock converted embraces a portion of the Government Bonds, which are probably in part pledged for advances.

These totals must be again decreased by the amounts of drawings of Four and Four and a-Half per Cent. External Bonds effected since the revised Budget was framed.

The following Table, extracted from the official Returns of the Bank of Portugal, shows the fluctuations in the amount of Paper Currency in circulation, and that of the Debt of the Treasury to the Bank, contrasted with the cash balances and the amounts of Commercial paper held by that establishment from 31st December, 1891, to 27th December, 1893 :—

Date.	Paper Currency in Circulation.	Treasury Debt.	Cash Balance.	Commercial Bills.
31st Dec., 1891 ...	£7,724,400	£4,350,400	£966,200	£6,499,400
30th June, 1892 ...	9,710,400	4,557,700	996,200	7,537,700
31st Dec., 1892 ...	11,159,300	6,373,300	1,546,600	7,235,500
28th June, 1893 ...	11,283,900	7,597,000	1,777,700	2,401,800
27th Dec., 1893 ...	11,422,300	7,704,800	1,973,600	2,517,000

Adding Copper Notes for £2,437 which form part of the fiduciary currency, to the Debt of the Treasury, a total is reached of £7,707,276, without reckoning such Government bills as may exist among the commercial paper held by the Bank. (At the beginning of 1893 the Bank held £1,777,800 Government paper, but the present amount is not stated.) On the other hand, there is a deposit to the credit of the Junta of Public Credit of £205,970.

The latest return of the Floating Debt is dated the 19th February, 1894, and gives the amount outstanding at the close of the year :—

	£	£
<i>Internal—</i>		
Treasury Bills	1,390,349	
Current Accounts—		
Bank of Portugal	about 2,453,778*	
General Treasury of Deposits „	593,333	
Tobacco Co.	105,333	
		4,542,793
<i>External—</i>		
Paris, francs, 5,606,842.88 ...	224,274	
London	152,600	
	376,874	
Less Balance of current accounts	76,017	
		300,857
Nett Total		<u>4,843,650</u>

* This does not include the amounts due to the Bank for Special Contracts on account of the State and its dependencies, viz. :

Pensions... ..	£1,542,197
Various	3,389,708
Total	<u>£4,931,905</u>

Adding this amount, the actual total Floating Debt reaches... .. £9,775,555

The following is a summary of the Revised Estimates presented by Senhor Fuschini on the 15th of May, 1893.

As compared with Senhor Dias Ferreira's Budget there is a decrease of Expenditure of	...	...	£343,417
and an increase of Revenue of	...	...	558,760
reducing the estimated deficit by	...	...	<u>£902,177</u>

The chief decreases in the ordinary Expenditure are :—

In General Charges	...	...	...	£285,035
Expenses of Departments...	...	...	...	441,143
while there is an increase in the estimated service of the Funded Debt of	...	...	...	358,895
and in Extraordinary Expenditure for Public Works of	...	...	...	47,511

REVENUE.

	1893-4
Direct Taxes	£2,448,985
Stamp and Register Taxes	841,444
Indirect Taxes	4,550,413
Additional Taxes	383,511
National Property and various other receipts	808,957
Unexpended Balances	672,125
	<u>£9,705,435</u>

EXPENDITURE, 1893-4. ORDINARY.

<i>General Charges :—</i>	£	£
Civil List	116,666	
Cortes	22,060	
Interest and Amortization	420,900	
Various Charges and Pensions	368,834	
		928,460
<i>Service of Funded Debt</i>		4,014,027
<i>Difference of Exchange</i>		88,889
<i>Departments of State :—</i>		
Finance		699,649
Interior		506,759
Public Worship and Justice		229,690
War		1,138,590
Marine		553,405
Colonies		233,889
Foreign Affairs		86,713
Public Works, etc.		1,031,031
<i>Government Savings Banks, etc.</i>		13,437
Total Ordinary		<u>£9,524,539</u>

EXTRAORDINARY.						£
<i>Ministry of Finance</i>	...	...	...	...	...	4,444
„ <i>War</i>	...	...	...	...	...	8,889
„ <i>Marine and Colonies</i>	...	...	...	...	...	117,778
„ <i>Public Works</i>	...	...	...	...	...	263,333
„ <i>Foreign Affairs...</i>	...	...	...	...	...	9,243
Total Extraordinary Expenditure ..						403,687
„ Ordinary „ ..						9,524,539
Grand Total ...						<u>£9,928,226</u>

SUMMARY.

Total Expenditure	...	...	...	£9,928,226
Total Revenue	...	...	...	9,705,435
Deficit				<u>£222,791</u>

The following Table shows the Customs Duties collected at Lisbon and Oporto during the past ten years. (Fractions omitted):—

Years.	Duties, other than Cereals.	Cereals.	Octrois.	Total.
	£	£	£	£
1884	1,954,200	296,000	324,000	2,574,200
1885	2,100,900	247,100	335,800	2,683,800
1886	2,285,800	284,600	351,800	2,922,200
1887	2,420,700	373,300	383,600	3,177,600
1888	2,522,000	375,300	453,400	3,349,400
1889	2,800,700	292,000	470,400	3,563,100
1890	2,881,100	354,200	463,800	3,699,100
1891	2,691,100	296,700	443,300	3,431,300
1892	2,242,700	146,700	472,200	2,861,600
1893	2,630,200	374,500	431,300	3,436,000
January, 1894, 1 Month }	214,233	40,222	70,455	324,899

The total collections in January, 1893, were £291,488, showing an improvement of £33,411 for the present year.

The following Table is compiled from the monthly returns of the Junta of Public Credit, and shows the amounts collected at the Custom-houses of Lisbon, Oporto, Angra, Funchal, Horta, and Ponta-Delgada, for the service of the External Debt for the six months ending on the 31st December, 1893, in accordance with the Law of the 20th May and Decree of 14th August, 1893. (Fractions omitted) :—

Months.	Import Duties. (Excluding Tobacco and Cereals.)	Export Duties.	Totals.
July	£ 232,117	£ 6,126	£ 238,243
August	209,770	5,112	214,882
September	214,180	5,536	219,716
October... ..	248,871	6,415	255,286
November	225,318	5,370	230,688
December	210,995	5,043	216,038
Total for Six Months ...	1,341,251	33,602	1,374,853

The amounts so collected are deposited by the Junta with the appointed Agent in the different countries where the Coupons are paid. The following were the amounts of these deposits on the 31st December :—

Lisbon, Bank of Portugal	642,734 milreis	=	£142,830
London, Messrs. Baring Bros. & Co.			52,994
Paris, Crédit Lyonnais	3,855,655 francs	=	154,226
Berlin, Bank für Handel und Industrie	612,563 marks	=	30,628

The following Table is extracted from the official returns of the Government Savings Banks, and affords an

indication of the condition of the population during the last six and a-half years :—

Half-year.	Balance in hand at the beginning of each Half-year.	Deposits.	Interest added to Principal.	Withdrawals.	Total No. of Accounts Opened.	Total No. of Accounts Closed.
	£	£	£	£		
1887-8 1st ...	41,668	40,178	773	25,562	357	55
2nd ...	57,057	124,881	1,473	46,545	1,382	116
1888-9 1st ...	136,866	186,197	3,316	81,820	1,540	147
2nd ...	244,559	222,789	4,817	112,674	2,152	258
1889-90 1st ...	359,491	347,927	7,992	191,235	2,471	324
2nd ..	524,175	258,105	9,428	197,354	2,186	454
1890-1 1st ...	594,354	286,918	10,003	305,849	1,763	821
2nd ...	585,426	184,860	7,965	407,628	1,031	1,206
1891-2 1st ...	370,623	153,210	5,690	200,743	693	735
2nd ...	328,780	117,446	4,868	164,570	435	677
1892-3 1st ...	286,524	152,932	5,081	128,969	546	413
2nd ...	315,569	164,163	5,260	163,102	554	353
1893-4 1st ...	321,891	172,899	5,728	141,672	706	381
2nd ...	358,846	...	...	...	...	...

Some further data on this subject are also given, which are presented here in a summarised form.

The total business done, during the period under review, is classified thus :—

	Deposits.	Withdrawals.
Up to 20 milreis (£4. 8s. 10 ³ / ₄ d.) ...	25,647	26,205
„ 100 „ (£22. 4s. 5 ³ / ₄ d.) ...	19,144	20,874
„ 500 „ (£111. 2s. 3d.) ...	21,673	18,089
Over 500 „ ...	2,685	2,230
Total ...	69,149	67,398

The total number of Accounts which received additions during the year was 59,971, while withdrawals were made from 61,188. The proportion of persons of different occupations adding to and decreasing their savings is shown on next page. It will be seen that Civil Servants head the list in both cases.

	Additions.	Withdrawals.
Civil Servants	14,471	15,565
Female Proprietors	11,401	12,098
Male "	9,952	12,578
Artificers, etc.	6,487	5,686
Traders	4,825	4,449
Commercial Clerks	3,887	3,243
Female Servants	3,530	2,326
Soldiers	3,002	3,028
Male Servants	1,099	651
Work Girls	801	866
Capitalists	516	888
	<hr/> 59,971	<hr/> 61,188

ROYAL PORTUGUESE RAILWAY COMPANY.

For the information of persons interested in the Securities of the above Company, the following certified translation of documents, circulated by the Board of Directors, is appended :—

[*Translation.*]

Dr. CARLOS JOSÉ D'OLIVEIRA, of the Council of HIS MAJESTY, First Delegate Judge President of the Tribunal of Commerce of this City of Lisbon.

Make known by the present Edict, signed by me, that by virtue of my Order of the 15th of the current month, issued in the course of the proceedings for the suspension of payment by the Royal Portuguese Railway Company, and in fulfilment of Article 6 and its sections of the Decree of the 9th November, 1893, all the Creditors of the aforesaid Company are summoned to, within the term of three months from the date of the last publication of the present Edict, declare whether they approve or reject Arrangement proposed by the aforesaid Company, as it appears in the copy of the aforesaid Agreement hereinafter set forth, reported on by the Registrar, who signs these presents, declaring, however, that the said acceptance or refusal may be made known individually or collectively by the various Creditors by means of written documents addressed to me, the Judge. And if the Creditors be Debenture-holders the declaration must be accompanied by documents proving the deposit of their Certificates or Coupons, with an indication of their numbers and classes, at the offices of the Debtor Company at the Portuguese Consulates, or with a National or Foreign Bank, there being no power to withdraw such deposit without my formal authorisation.

As regards the declaration of the other Creditors, it shall be invested with the character of legitimacy in the manner set forth in Section 4 of Article 3 of the aforesaid Decree. In testimony whereof these presents have been drawn up, and they shall be published in the manner prescribed in the aforesaid Article 6.

LISBON, 16th January, 1894.

And I, JULIÃO BARTHOLOMEU RODRIGUES, have signed these presents.

The Delegate Judge President CARLOS JOSÉ D'OLIVEIRA certified as being in order.

LISBON, 16th January, 1894.

(Signed) JULIÃO BARTHOLOMEU RODRIGUES.

Seen for the legalisation of the foregoing signature of Mr. JULIÃO BARTHOLOMEU RODRIGUES, Registrar of the Tribunal of Commerce of this City.

LISBON, 24th January, 1894.

For the Minister of the Republic by delegation,

The French Consul-General,

(Signed) P. DESMARTIS.

[Translation.]

SCHEME OF ARRANGEMENT BETWEEN THE ROYAL PORTUGUESE RAILWAY AND ITS CREDITORS.

I.

THE NEW DEBENTURES AND THEIR APPLICATION.

Clause 1.

The Royal Portuguese Railway Company shall reduce in the terms of the present Agreement all its present Debentures to :—

- (a.) 560,000 Preference Debentures, amounting to the nominal Capital of 90,000 reis or 500 francs or 400 marks or £20 sterling, each at 3 per cent. Interest, to fall due on the 1st January, 1894, payable half-yearly per Coupon on the 1st July and the 1st January of each year, and redeemable in 120 half-years, from the 1st July, 1898, inclusive.
- (b.) As many as 253, 447 non-Preference Debentures, amounting to the nominal Capital of 90,000 reis or 500 francs or 400 marks or £20 sterling, each at a variable rate of Interest which shall not exceed 3 per cent. per annum, falling due on the 1st January, 1894, and redeemable in 120 half-years commencing from the first half-year of 1898 inclusive.

§ 1. The Royal Company shall not issue under any pretext or on any account whatsoever any other Preference Debentures over and above the 560,000 mentioned in section *a* of the present section of clauses.

§ 2. The first 94,510 of the 560,000 Preference Debentures shall have as security the net Revenue of the Beira Baixa Railway, and in particular the Interest guarantee given by the public Treasury for this line.

In the event of the Government availing itself of the right of redemption of the Beira Baixa Line, guaranteed by Article 26 of the Contract of the 29th July, 1885, the amount of the annual instalment which the Government shall have to pay according to the terms of the said Contract shall be specially included in the payment of the Interest and the Redemption Fund of the 94,510 Debentures in question.

Clause 2.

From the first half-year 1898 inclusive, and during 120 half-years, the Royal Company shall apply half-yearly to the redemption of the Debentures, whether Preference Debentures or non-Preference Debentures, a sum equivalent to the proceeds of reis 271.6668 (two hundred and seventy-one reis six thousand six hundred and sixty-eight ten thousandths), for the total number of the Debentures mentioned under the head of Clause 1.

This sum, added to the amount of the Interest on the Debentures redeemable during the previous half-year or half-years, shall constitute the half-yearly Sinking Fund of the said Debentures, account being taken separately of the Preference Debentures and the non-Preference Debentures, and priority being always given to the service of the Preference Debentures.

Section *sola*. The redemption shall be effected by means of drawings or by the sale of Certificates in the market as may be thought most expedient for the purpose of expediting the redemption, but always without prejudice to the complete service of the Preference Debentures.

Clause 3.

During such time as the annual Revenue of the Company shall not attain the sum necessary to complete the half-yearly Redemption Fund and the Interest on the two classes of Debentures, no amount can be applied for the purpose of the redemption or the payment of dividends on the Shares of the Company.

It is thus expressly declared that, according to the terms of the

present Agreement, the following deductions shall be made from the net Revenue of the Company :—

1st. In so far as concerns the period from the 1st January, 1894, to the 31st December, 1897, preferentially the sum necessary for the Interest on the Preference Debentures.

2nd. From the 1st January, 1898.

(a.) The sum necessary for the payment of Interest on the Preference Debentures and for the redemption of the said Debentures in 60 years, commencing from 1898.

(b.) The sum necessary for the redemption, commencing from 1898, of the non-Preference Debentures.

3rd. The sum necessary for the Interest up to 3 per cent. on the non-Preference Debentures.

§ Whenever during any year the nett Revenue of the Company shall no longer be sufficient for the payment of the maximum Interest of 3 per cent. on the non-Preference Debentures, the respective Coupon shall be considered as paid with the sum due on the said Debentures according to the terms of the last paragraph.

In the event of the net Revenue of any year not attaining, in conformity with the same paragraph, a sum sufficient to pay Interest on the Debentures in question, the respective Coupon shall be considered as lapsed.

Clause 4.

The Royal Company binds itself to take all steps with a view to a part of the 560,000 Preference Debentures not failing to be equally quoted on the Stock Exchanges of Paris, Berlin, London, and Lisbon, so that there may be no inequality between Debenture and Debenture in accordance with the present Agreement.

Clause 5.

The Debentures indicated in paragraphs *a* and *b*, under the head of the 1st Clause, shall be applied in the following manner :—

(a.) 50,000 Preference Debentures for the redemption of all the charges contracted by the Royal Company in connection with the lines of the Railway Company of Madrid, Caceres, and Portugal, and the Western Spanish Railway Company.

(b.) 13,714 Preference Debentures for the redemption of all the charges contracted by the Royal Company in connection with the Spanish Grand Central Company.

(c.) The remaining 496,286 Preference Debentures and the 253,447 non-Preference Debentures for the redemption of the Floating

Debt, including the Debt to the Portuguese Treasury and the Debentures at present in circulation, Debentures given as security, and those which in any other way are or may be in the custody of the Company or may belong to it, not participating in the redemption, as all these debentures will be cancelled.

Section sola. After the redemption of the Floating Debt, irrespectively of the Debt to the Portuguese Treasury, in conformity with the terms of the present Agreement, after the releasing of the charges referred to in paragraphs *a* and *b* under the head of the present condition, and after the exchange of the Debentures at present in circulation, according to the terms and subject to the restrictions of paragraph *c*, all the remaining Preference Debentures shall serve as a special security for the Debt to the Portuguese Treasury according to the terms of the present Agreement.

II.

The redemption of the charges existing in connection with the Spanish Companies.

Clause 6.

The redemption of the charges contracted by the Royal Company in connection with the lines of the Railway Company of Madrid, Caceres, and Portugal, the Spanish Western Company, and the Spanish Grand Central Company shall be affected in the manner indicated in the Contracts entered into at Lisbon on the 15th December, 1892, and the 4th December, 1893, between the Royal Company and the aforesaid Spanish Companies.

Section sola. All the necessary measures shall be taken so as to prevent the delivery of Certificates of Debentures which according to the Contracts above mentioned are to be delivered by the Royal Company without its having been first ascertained that all the legal conditions have been fulfilled in Spain in respect of the complete execution of the said Contracts ; without its being perfectly certain that under no circumstances and in no case will the Royal Company incur any charge, entanglement, or responsibility with respect to the Spanish Companies, or third parties, over and above the delivery of the aforesaid Debentures and without its being perfectly guaranteed.

- (*a.*) That in the Boards or Administrations of each of the present Spanish Companies, or of any other Company, whether proprietary or tenant, succeeding them, there shall be always at

least as many Directors appointed by the Board of the Royal Company as may be necessary to represent one-fourth of the total number of Directors.

- (b.) That the tariffs, the traffic contracts, and the service for working with the other Companies shall never be made to the detriment of the interests of the Royal Company, and for this purpose the prescriptions of Article 17 of the Contract entered into with the Spanish Western Railway Company and those of Article 15 of the Contract entered into with the Railway Company of Madrid, Caceres, and Portugal, to which the present condition refers, shall be strictly observed.

III.

PAYMENT OF THE FLOATING DEBT.

Clause 7.

The Creditors of the Royal Company in respect of the Floating Debt, excepting that due to the Portuguese Treasury, shall receive as security for the payment of their respective claims, and 5 per cent. Interest per annum in the currency of the country up to the 31st December, 1893; as many of the Preference Debentures mentioned in paragraph *a* under the head of Clause 1st, as may be necessary to make up, at the price of 360 francs or 64,800 reis each, the amount of their claims and Interest at 5 per cent.

§ 1. The Debt of the Company in bills accepted by it and forwarded in due course to the Contractors of the Beira Baixa Railway, shall be reduced by 100,000,000 reis, and after this reduction the Interest at 5 per cent. shall be computed up to the 31st December, 1893.

§ 2. The Creditors in respect of the Floating Debt, independently of that due to the Treasury, who shall have received during the period commencing from the 1st January, 1892, Interest over and above 5 per cent. of their claims, shall return the surplus to the Company, or shall take account of such surplus in respect of the sum to be paid them in conformity with the present clause.

Clause 8.

The security referred to under the head of Clause 7 shall be converted into a definite payment of the Debt at the above stipulated price of 64,800 reis per Debenture on the 31st December, 1895, subject to the stipulations contained in the following sections:—

§ 1. At any time whatsoever during two years, to expire on the 31st

December, 1895, the Creditors may, conjointly among themselves, liquidate the security, wholly or in part, for the price above indicated, which shall be definite so far as the Company is concerned.

§ 2. Claims shall always be considered in Portuguese money until such time as they shall have been liquidated in one or other of the forms stipulated under the head of the present condition, and shall bear annually 5 per cent. Interest, payable quarterly; but the Coupons of the Debentures given as security, or the respective part of these Coupons belong to the Royal Company until the definite liquidation of the said claims, and shall be delivered to the said Company at the proper times.

IV.

PAYMENT OF THE DEBT TO THE PORTUGUESE TREASURY.

Clause 9.

The Debt of the Company to the Portuguese Treasury, including Interest up to the 31st December, 1893, as also to the other Creditors in respect of the Floating Debt, shall be liquidated in conformity with the Decree of the 9th November, 1893, and in accordance with the account current exchanged between the management of the Company and the Government, for the definite sum of 5,498,385,172 reis in currency of the country.

Clause 10.

The Debt of the Company to the Portuguese Treasury shall bear, from the 1st January, 1894, 5 per cent. Interest per annum in currency of the country, payable quarterly, and there shall also be paid in currency of the country, or in foreign currency at the exchange of the day at the option of the Government, in the following manner:—

- (a.) 1,000,000,000 reis 180 days after the ratification of the present Agreement.
- (b.) 900,000,000 reis on the 1st June of each of the years 1895, 1896, 1897, and 1898.
- (c.) The balance remaining on the 1st July, 1899.

Section sola. The Company reserves to itself, nevertheless, the right to refund the Treasury at any time by anticipating the whole or part of the instalments of its Debt, in accordance with the stipulations set forth under the head of the present condition.

Clause 11.

After the redemption of the present 94,510 $4\frac{1}{2}$ per cent. Debentures, First Series, and the other Debentures of the classes in circulation, excepting those cancelled in accordance with Section c, mentioned

under the head of Clause 5, after the delivery to the Creditors in respect of the Floating Debt of the Preference Debentures coming to them in accordance with the 7th and 8th Clauses, and after the separation of the 63,714 also Preference Debenture Shares, according to the terms of Sections *a* and *b* mentioned under the head of Clause 5, all the Preference Debentures remaining out of the 560,000 created in accordance with Section *a* mentioned under the head of Clause 1 shall serve as a special security for the payment of the Debt to the Portuguese Treasury.

Section *sola*. The Company may, nevertheless, carry out, in respect of these remaining Debentures, with the approval of the Government, and in conformity with the Articles of Association, the operations necessary to effect the payment dealt with under the head of Clause 10; it being nevertheless expressly stipulated that the Company shall never have the power to dispose of these Debentures at a lesser price than that of 64,800 reis each in currency of the country, and when once such disposal shall have been effected, the total proceeds shall be applied to the redemption of a corresponding amount of the Debt to the Treasury until such Debt shall have been completely cancelled.

V.

REDEMPTION OF THE PRESENT DEBENTURES.

Clause 12.

The following shall be cancelled:

- (a.) All the present Debentures existing in the custody of the Company or belonging to the Company.
- (b.) The Debentures serving as security for any Debts to be redeemed in conformity with Clauses 7, 8, 9, and 10.
- (c.) Such Debentures as are to come into the possession of the Company by virtue of the redemption of the charges contracted with regard to the Spanish Railway Companies according to the terms of Condition 6.
- (d.) All Debentures now existing which for any reason or on any ground whatsoever now belong or may belong in the future to the Royal Company.

Clause 13.

The remaining Debentures of the Company shall be redeemed on the following conditions:—

- 1st. Each of the Debentures of the first Four-and-a-Half per Cent. Series shall be replaced by a Debenture included

among the first 94,510 Preference Debentures, reference to which is made in the second paragraph under the head of Clause 1.

- 2nd. The Three per Cent. Debentures now in circulation, the Four per Cent. Debentures, and the Second and Third Series of Four-and-a-Half per Cent. Debentures, shall be exchanged after having all been converted into the three per cent. class.

For each set of three of these Debentures there shall be given one Preference Debenture and one non-Preference Debenture.

Only paragraph. Such of the present Debentures as shall not be presented within the term of five years from the date at which the Company shall announce the receipt of Certificates for the purpose of exchange for new Debentures shall be appropriated by the Company for its own benefit.

VI.

GENERAL PROVISIONS.

Clause 14.

The balance in cash belonging to the Royal Company existing on the 31st December, 1893, in the General Bank of Deposits, shall be applied immediately after the ratification of the present Agreement to the payment of the sum corresponding to the Coupon of 15 francs in gold relating to the year 1893 of the Preference Debentures delivered in exchange for those redeemed in conformity with Clause 13, after the complete payment of the Coupon for the first 94,510 Debentures, in fulfilment of the preferential right established in Section 2 of Clause 1, the guarantee of liquidated Interest for the second half-year of 1893 being already carried to account for the said purpose.

1. The difference between the aforesaid balance and the total amount corresponding to the Coupon of 15 francs gold of 1893 of the remaining Preference Debentures given in exchange for those redeemed shall be paid by the Company to the Holders of the aforesaid Preference Debentures in five equal annual instalments, the first on the 1st July, 1895.

2. The tax imposed on the aforesaid Coupons in the country where they may be paid shall continue to be at the charge of the Holders of the Debenture Coupons, this principle being applicable to the sums

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corresponding to the Coupon for 1893 in conformity with the present clause.

Clause 15.

All the Shares of the Royal Company which the latter now holds, or which it may hold in the future, on its own account shall be cancelled after all responsibility accruing therefrom shall have been met.

Clause 16.

The clauses of the present Agreement shall not in any case prejudice the rights which, according to the Laws and clauses of the respective Contracts and Decrees, belong to the State with respect to the railway lines conceded to the Company, nor alter in any manner the terms fixed in the Contracts for the reversion to the State of the lines and branch lines, free from all charges, nor modify the right which continues assured to the State of delivery of these lines on the terms of the aforesaid Contracts and Decrees.

For the exercise of the right of delivery there shall be carried out what is provided on this subject in the respective Contract or Decree of Concession to be completed and elucidated in the following manner :—

- (a.) The net proceeds which shall serve as a basis for the calculation of the annual payment to be made by the State to the Company, are only those produced by the working, any receipts outside those of the traffic not to be included in such calculation.
- (b.) To fix the amount of the net proceeds which must serve as a basis for the calculations connected with the said delivery and for the solution of all questions that might have reference to the aforesaid there shall be formed a Committee, whose decision shall be irrevocable and beyond appeal. This Committee shall be composed of a Chairman elected by the Supreme Court of Justice from among the Judges of the said Court, of two consulting Members chosen by the Company, and of two Members appointed by the Government.
- (c.) The rolling stock which must be considered as belonging to each of the railway lines shall be fixed by the Committee referred to in section b.

All the rolling stock of the Company for the various lines and branch lines of the said Company shall be distributed proportionately to the number of trains and to the trade of each line or branch line

during the year preceding that in which the aforesaid delivery shall be decreed.

Clause 17.

The Articles of Association of the Royal Portuguese Railway Company shall be replaced by the following, which form a part of the present Agreement.

LISBON, 5th January, 1894.

(Signed)

ANTONIO M. PEREIRA CARRILHO, V.P.,
VICTORINO VAZ, JUNIOR,
M. DE CASTRO GUIMARÃES,
M. PAES DE VILLAS BOAS,
JOÃO MARCELLINO ARROYO,
E. MADEIRA PINTO.

[*Translation.*]

ARTICLES OF ASSOCIATION OF THE ROYAL PORTUGUESE RAILWAY COMPANY, reference to which is made under the head of Clause 17 of the Agreement between the said Company and its Creditors.

SECTION I.

Object of the Company, its name, registered office, and duration.

ARTICLE 1. The Company has for its object—

- 1st The working of the railway line known as the Eastern and Northern lines and the Caceres branch line.
- 2nd. The working of the railway lines known as the Lisbon to Cintra and Torres Vedras, from Torres Vedras to Figueira da Foz de Alfanellos, and the Coimbra branch line.
- 3rd. The construction and working of the railway line known as the Beira Baixa line.
- 4th. The construction and working of the Concession made to the Company by the Royal Orders of the 7th July, 1886, and 9th April, 1887, and the construction and working of all other railways and roads of communication, which, by the Law or by virtue of any Decree, may be granted to the Company, or which, with the previous authority of the Government, such Company may obtain by lease, purchase, or any other means.
- 5th. The installation and working of all the service of transport by land or water which in the country and with the previous authority of the Government may be lawfully established in

correspondence with the railways belonging to the Company, or worked by it subject to all privileges and concessions already granted.

6th. The enjoyment and working of all the lines, forests, mines, metallurgical works, machinery works, and any other establishments which may later on be conceded to the Company, or leased or purchased by the Company and devoted to the working of the railways belonging to such Company.

Only paragraph. The name of the Company will continue to be the Royal Portuguese Railway Company, and its registered office will be at Lisbon.

ARTICLE 2. The duration of the Company shall be that of the railway concessions which have been or may be granted to the Company.

SECTION II.

SHARES AND DEBENTURES.

ARTICLE 3. The Capital is formed in the following manner :—

1. The Share Capital of 6,300,000,000 reis or 35,000,000 francs or £1,400,000 sterling or 28,000,000 marks is divided into 70,000 Shares of 90,000 reis each, or 500 francs or £20 sterling or 400 marks, all entirely paid up and in circulation, and in such form as to be negotiable on the markets of Portugal, France, England, and Germany.
2. The Debenture Capital is represented by 560,000 Preference Debentures, and as many as 253,447 non-Preference Debentures in the form indicated in the Agreement with the Creditors of the Company.

ARTICLE 4. The Shares shall be issued in the names of the Holders or to Bearer.

ARTICLE 5. Every Shareholder shall have the right to deposit his Shares at Lisbon in the office of the Company, or at Paris, London, or Berlin, in such banks as may be indicated for the purpose by the Board. There shall be delivered to him against such deposit a receipt made out in the form and in accordance with the conditions determined by the Board.

ARTICLE 6. The Shares are indivisible, and the Company will recognise only one proprietor of each Share.

As regards the Shares, Debentures, and Coupons that may be lost or go astray, the Provisions and Laws in force for the time being shall be observed in respect thereof.

The possession of one or several Shares implies full adhesion to the Articles of Association.

ARTICLE 7. All notices relating to the affairs of the Company shall be published in the *Official Journal* of Lisbon, and in the Paris, London, and Berlin journals which may be indicated for the purposes by the Board.

ARTICLE 8. The heirs or creditors of any Shareholder shall not under any pretext effect seizures or require the sequestration of the property or Securities of the Company, nor require the sale or judicial partition of same, or interfere in the affairs or administration of the Company. They must to exercise their rights conform to the Company's inventories and to the Resolutions of the General Meeting passed in conformity with the present Articles of Association.

SECTION III.

THE BOARD.

ARTICLE 9. The Company shall be managed by a Board of 21 Members, of whom seven shall be elected by the General Meeting of the Shareholders from among the Shareholders themselves, four of them shall be Portuguese citizens residing in Portugal, seven shall be elected by the General Meeting of Debenture-holders from among the Debenture-holders themselves. They may be Portuguese or foreigners, seven being freely appointed by the Government from among Portuguese citizens residing in Portugal.

Only paragraph. The office of the Board is at Lisbon, but a delegation from the said Board formed by Directors elected by the General Meeting of the Debenture-holders shall act at Paris, under the name of the Paris Committee.

ARTICLE 10. Within eight days from the time of his election every Director must prove himself to be the owner of 100 Shares if he have been elected by the General Meeting of Shareholders; and of 100 Preference Debentures if he have been elected by the General Meeting of Debenture-holders. The Certificates of the Directors domiciled in Portugal must be deposited in the Office of the Company at Lisbon, the Certificates of the foreign Directors not domiciled in Portugal may be deposited with such Paris, London or Berlin bankers as the Executive Committee shall indicate.

Only paragraph. The Certificates shall be inalienable during the period of management, and can only be withdrawn after the approval of the accounts of such management by the General Meeting of Shareholders.

ARTICLE 11. A Royal Commissioner, appointed by the Government, shall sit and act on the Board, and he shall have a voice in the consultations. This Commissioner shall be remunerated by the Company in the same manner as the other members of the Board.

Only paragraph. The Royal Commissioner may have an assistant, also appointed by the Government, who shall sit and act on the Board of Superintendence, with a voice in the consultations. He shall replace the Commissioner when the latter shall be prevented from attending to duties of his office, and he shall be remunerated by the Company in the same manner as the members of the Board of Superintendence.

ARTICLE 12. Each of the Directors shall receive a fixed remuneration, to be voted at the General Meeting of Shareholders at the Ordinary Meeting in each year. Failing such Resolution on the part of the said Meeting, this remuneration shall be equal to that allowed during the previous year.

ARTICLE 13. The General Meeting of Shareholders shall proceed annually to the election of one-third of its representatives on the Board. During the third year of every three years there shall be an election of three in place of two representatives. Until the election shall have been completed the retiring members shall be selected by drawing. Thereafter the replacement shall be made by seniority, the retiring Directors having the right to be re-elected.

ARTICLE 14. The Chairman of the Board shall be one of the Directors chosen by the Government, and the Vice-chairmen shall be two Directors elected annually by the Board itself. Should the Chairman or the Vice-chairman be absent from any Meeting, the Board shall appoint one of its members to take the chair at the Meeting.

Only paragraph. Both the Chairman and the Vice-chairman may be re-appointed.

ARTICLE 15. The Board shall meet at the Registered Office of the Company by virtue of the summons of the Chairman, or of whomsoever shall replace him, or at the invitation of three Directors, whenever the interests of the Company shall require it and at least once per month.

Resolutions shall be passed by an absolute majority of the votes of the members present, or duly represented, in conformity with Section 3 of the present article.

In case of an equality of votes the Chairman shall have a casting vote.

Eight Directors at least must be personally present for the purpose of the validity of the Resolutions.

§ 1. Whenever any one of the Directors shall require the postponement of the consideration of any question until the opinion of the absent Directors can be learnt, such postponement shall be binding and suspensive of any Resolution on the point under controversy. The Board shall bring the question to the knowledge of the absent Directors, in order that the latter may give their vote in writing. The same proceeding shall be adopted in case of divergence of views between the Paris Committee and the Board.

§ 2. The communications so addressed to the absent Directors for the purpose of their giving their vote must be replied to within the six days immediately following the posting of the said communications, should they reside within the boundaries of the Kingdom. The term allowed for the said purpose must not exceed 15 days if they reside abroad.

Any vote arriving within the said term shall be considered as given *viva voce*. Votes arriving after the expiration of the said term shall not count, but mention shall be made thereof in the minutes of the Meeting.

§ 3. Absent Directors are permitted to cause themselves to be represented by proxy given to another Director by letter or by telegram for each meeting of the Board. No Director shall be allowed to have more than three votes in addition to his own.

ARTICLE 16. The resolutions of the Board shall be recorded in the respective minutes, which shall be signed by the Chairman and two other Directors. The copies or extracts of these minutes, in order to be valid, must be signed by the Chairman or by the member fulfilling his functions, and by the Secretary of the Board.

Only paragraph. A copy of the minutes of the Board shall be sent to the Paris Committee.

ARTICLE 17. In the event of the decease or resignation of one or several Directors representing Shareholders, the other Directors acting in the same manner shall fill the vacancy by election. The Directors so elected shall have the same powers as the other Directors. These appointments shall continue in force up to the first General Meeting of the Shareholders, which may definitely confirm them, but only for such time as the retiring or deceased Directors would have continued in office.

ARTICLE 18. The Board is invested with the fullest powers, subject

to what is provided in Article 67 in respect of the control of the affairs of the Company, namely :—

- (a.) To enter into and ratify all Agreements relating to the acquisition, construction, disposal, taking or leasing of any railway establishment or enterprise included within the scope of the objects of the Company, subject to the previous authorisation of the Government and of the General Meeting of Shareholders.
- (b.) To authorise or effect all purchases or sales of lands or other real property that may be necessary for the carrying out of the objects of the Company.
- (c.) To enter into Agreements connected with the relations to be established with other railway Companies, or with any other enterprise having for its object carriage by land or water, in order to secure the correspondence of such transport, except when such Agreement shall involve the payment of any subsidy. In this case before such Arrangement can become binding, it must be approved by the General Meeting of the Shareholders.
- (d.) To determine the mode of investment of the Reserve Fund, and to determine also the mode of investment of the available Funds.
- (e.) To authorise the disposal of Securities belonging to the Company.
- (f.) To fix and modify the tariffs and the mode of their collection in conformity with the Contracts and Decrees of Concession, to make the necessary arrangements, and to issue the requisite Regulations for the organisation of the service and the working of the railways and other establishments.
- (g.) To address to the Government, with the previous authority of the General Meeting of Shareholders, all applications for the extensions of the railways and branch lines and for new Concessions.
- (h.) To contract, with the previous authority of the General Meeting of Shareholders, all Loans necessary for the operations of the Company. To propose such modifications as may have to be made in the Articles of Association. To submit to the General Meeting proposals relating to the extension of the lines, to the construction of branch lines, the

amalgamation of Contracts with other Companies, to the extension or renewal of Concessions, to the disposal or leasing of railways, lands, and edifices under any Concession.

- (i.) To appoint or revoke the appointment of the Director and the assistant or sub-Directors of the Company, to fix their remuneration, and the composition of the staff.
- (j.) To fix the expenses of every kind connected with the management.
- (k.) To execute for the purpose of the maintenance and the working of the railway and all the undertakings of the Company Contracts of purchase and sale and Agreements of every kind, to arrange equipments, and to authorise the purchase of all material, machinery, and other objects necessary for the working, or for the sale of all products of same and which may be useless.
- (l.) To authorise all claims, transfers, sales of Security, Funds, and other Stock of the Company.
- (m.) To furnish all receipts, and in particular those relating to the sale price of real property.
- (n.) To apply for the withdrawal of all judicial sequestrations and seizures, the releasing of mortgages, to renounce prerogatives, to give final receipts, and to make renunciations in the form indicated by the law.
- (o.) To authorise all judicial actions, to take all preservative measures, to enter into all compromises and compositions.
- (p.) To appoint and to revoke the appointment on the proposal of the Director of all employés, or to authorise the said Director to make all or any of these appointments, to assign his duties to each of such employés, to fix their remuneration, to allow them gratuities ; and, finally,
- (q.) To settle all matters comprised within the scope of the administration of the Company, with the intervention of the Paris Committee, in respect of all financial questions, and in respect of those relating to general administration, in conformity with Article 47.

ARTICLE 19. The direction of all the services may be intrusted under the control and the superintendence of the Board, and under the immediate orders of the Executive Committee, to a Director, who shall assume the title of General Director.

There may be appointed, in addition to such Director, one or two

sub-Directors. The Director shall attend the deliberations of the Board and of the Executive Committee, and he shall have a voice in their consultations. He shall have under his orders all the officers and employes of the administrative and special services. He shall propose to the Board the appointment or the revocation of the appointment of employes and their remuneration. He shall appoint and revoke the appointment of employes with whose appointment he has been intrusted by the Board. He shall prepare all documents relating to the modification and the rates of the tariff and the making of regulations relative to the organisation of the service, and he shall also make all Agreements having reference to the construction and working of the railways and other enterprises constituting the object of the Company.

The Board may delegate to the Director any other powers which it may deem expedient so to delegate.

ARTICLE 20. The members of the Board do not contract by reason of their administrative position any personal or separate obligation in respect of the engagements of the Company. They are solely answerable for the carrying out of their mandate and for the observance of the provisions of the Articles of Association.

ARTICLE 21. Acts relating to the transfer of Funds and public Stock belonging to the Company, acts of purchase, sale, and exchange of property, compromises, contracts, and other acts which may impose responsibility upon it, receipts, endorsements, and also drafts on the bank, or on any depositary of the Funds of the Company, must be signed by two Directors, who must be members of the Executive Committee.

ARTICLE 22. The current administrative affairs of the Company must be managed by an Executive Committee acting as delegate of the Board, and which must be formed annually immediately after the assembling of the General Meeting dealing with the election or replacement of the Board, and it shall be composed of nine Directors in the following manner :—

- (a.) Three to be chosen by the representatives of the Shareholders from among themselves.
- (b.) Three to be chosen by the Paris Committee from among the members of such Committee.
- (c.) Three to be chosen by the Government from among its representatives.

§ 1. The Executive Committee shall have a Chairman and a Vice-chairman, to be appointed yearly by the Government from among the members of the Committee.

§ 2. The Committee may act provided there be present four members, but in this case the resolutions to be valid must be supported by three out of the four.

§ 3. Each of the members of the Executive Committee shall receive, in addition to what is prescribed by Article 12, a monthly fee to be voted by the General Meeting of Shareholders at its ordinary sitting in each year. Failing such resolution on the part of the Meeting, such fees shall be equal to those allowed during the previous year.

ARTICLE 23. The Directors are forbidden to take or retain any interest, direct or indirect, in any undertaking or contract made with the Company or on its account, excepting when they shall have been authorised so to do by the General Meeting of the Shareholders.

SECTION IV.

THE BOARD OF SUPERINTENDENCE.

ARTICLE 24. The Board of Superintendence shall be composed of twelve members, to be elected by the General Meeting of Shareholders, the Chairman having therein a casting vote. Every year four of the members shall be replaced. During the first three years the retiring members shall be selected by drawing, and afterwards they shall be replaced in the order of seniority, re-election being always permitted.

Only section. Every member of the Board may hold fifty Shares, which shall be inalienable during such time as he may continue in office, and shall be kept in the custody of the Company.

ARTICLE 25. Each of the members of the Board of Superintendence shall receive a fixed remuneration, to be voted by the General Meeting of Shareholders at its ordinary sitting in each year.

Failing such resolution on the part of a Meeting, this remuneration shall be equal to that given during the previous year.

ARTICLE 26. The Board of Superintendence shall assemble at least in January, April, July, and October, and whenever the Board of the Company shall require it so to do. Its duties shall be those assigned to it by the Commercial Code.

SECTION V.

THE GENERAL MEETING OF SHAREHOLDERS.

ARTICLE 27. The General Meeting regularly constituted represents the whole of the Shareholders. Its resolutions are binding on all, even on those who may be absent, on those who may dissent therefrom, and on those who may be disqualified.

ARTICLE 28. The Ordinary General Meeting is composed of Shareholders holding 100 or more Shares of the Company. In order that the Shareholders may be able to take part in the General Meeting the Shares issued in the names of Shareholders must be registered at least one month before the day fixed for the Meeting, and the Shares to bearer must be deposited in the banks indicated in the notice convening the Meeting at least 15 days before the said date. To depositors of Shares to bearer shall be given a receipt indicating the number of the Shares, and also the day and hour of the deposit. The card of admission to the General Meeting, signed by the Shareholder, will serve him as a proof of identity when it may be required.

ARTICLE 29. Every Shareholder may delegate to another his right to attend the General Meeting on condition that his proxy be himself entitled to take part in such Meeting. The delegation may be given by a power the signature to which must be legalised in France by the Mayor of the Commune, and in Portugal, and in Spain by a notary, without any other legal formality. The powers given in other foreign countries must be duly legalised.

ARTICLE 30. Married women, minors, corporations, and public establishments having the right to attend the General Meeting may be represented by their husbands, guardians, or curators, or by their respective managers, provided that the latter be furnished with sufficient power and other authorities to take part in the deliberations of the Meeting.

ARTICLE 31. The General Meeting shall assemble ordinarily once a year at the registered office of the Company during the first half-year. Extraordinary General Meetings shall take place whenever the Board or the Board of Superintendence may deem this necessary or whenever Shareholders representing one-fourth of the Capital of the Company may require it; in this case the Meeting shall assemble within the term of 15 days.

ARTICLE 32. The holding of a Meeting shall be announced at least 30 days before the date of such Meeting by a notice inserted in such

newspapers of Paris, London, and Berlin as may be indicated by the Board. These notices shall always mention the business to be dealt with at the Meeting, subject to the rights conferred on the Shareholders by Article 38.

ARTICLE 33. The General Meeting shall be considered as constituted and shall have power to pass resolutions whenever the Shareholders present or represented shall amount to the number of at least sixty, and shall represent among them the fifth part of the Shares issued.

Only paragraph. When, by the list of the deposits, it shall be ascertained, account being taken of the registration of Shares issued in the names of Shareholders, that the Meeting cannot be considered as constituted owing to the insufficiency of Capital or the absence of Shareholders, the Board shall immediately convene, while explaining its reason for so doing, another Meeting, which shall take place within 25 days from the date of the issue of the summons convening the Meeting. After the publication of this notice the receipt of the deposits shall continue for 10 days also from the date of the summons convening the Meeting.

ARTICLE 34. If at the first assembling of a Meeting the number of Shareholders present should not constitute a quorum, a fresh notice shall be issued convening a Meeting after an interval of fifteen days. At this Meeting any resolutions passed shall be valid, whatever may be the number of Shareholders present or represented, but no resolutions can be passed except in regard to the matters which were to be dealt with by the Meeting originally convened.

ARTICLE 35. The proceedings of a General Meeting shall be directed by the Chairman or Vice-chairman elected for the purpose from among the Shareholders every three years. Failing the latter, the chair at such Meeting shall be taken by a Shareholder whose name is registered in the list drawn up by the General Meeting, and chosen by the Board and by the Board of Superintendence.

The chair shall be taken at the first General Meeting after the ratification of the Agreement between the Company and the Shareholders by such Shareholder present at such Meeting as may be appointed for the purpose by the Administrative Committee. The two largest Shareholders present shall be the Auditors, and in the event of non-acceptance, these functions shall be undertaken by the two Shareholders coming immediately after the former, and should

they not accept such office it shall be undertaken by those whom the Chairman shall indicate.

The Chairman and the Auditors shall appoint the Secretary.

§ 1. It will be the duty of the office thus constituted to place in possession of their posts the members elected for the Board and for the Board of Superintendence.

§ 2. Those members who having been elected may be absent or cannot be present at the act of placing in possession shall be installed by the Board previously in office.

ARTICLE 36. Resolutions shall be passed by an absolute majority of votes, counting the Shareholders present and those represented. The holder of fifty Shares is entitled to one vote, the holder of one hundred to two votes, and so on successively, one vote being added for every fifty Shares. No one can have or delegate more than twenty votes whatever the number of Shares of which he may be the holder. Every Shareholder may exercise the rights of one or several Shareholders, but on condition that he shall not exceed the maximum of fifty votes for all the Shareholders represented.

ARTICLE 37. Shareholders residing abroad representing at least 25 per cent. of the Capital of the Company shall have the power to cause themselves to be represented in accordance with Article 187 of the Commercial Code.

ARTICLE 38. A General Meeting shall deal with the questions submitted to it by the Board and the Board of Superintendence. These shall render an account when issuing their Reports of the proposals signed by Shareholders having the right to vote presented at least twelve days before the date indicated for the assembling of the Meeting.

ARTICLE 39. The Reports and Accounts of the Board and the opinion of the Board of Superintendence in relation to the state of the affairs of the Company shall be presented to the General Meeting. They must be previously printed and distributed among all the Shareholders known to the Board. The General Meeting shall approve the Accounts, if it shall deem it expedient so to do, and the division of the profits, acting in this matter in conformity with the present Articles of Association. It shall elect its Chairman and Vice-Chairman, the members of the Board and of the Board of Superintendence; and shall fill the vacancies referred to in Article 17. It shall fix annually the dividends to be declared in view of the

general balance-sheet, acting in this matter in conformity with the present Articles of Association. It shall pass resolutions, subject to the approval of the Government, in relation to the proposals of the Board and of the Board of Superintendence on the subject of the increase of the Capital of the Company, the extension of the duration of the Company, the modifications which it may deem expedient to introduce into the Articles of Association, and the earlier dissolution of the Company, if it shall deem this advisable. It shall fix the remuneration of the Directors and of the members of the Executive Committee, as also of the Board of Superintendence. In short, it shall pass resolutions in respect of all the other points embraced by the scope of its duties in conformity with the special clauses of the present Articles of Association, subject to what is said in Article 67.

ARTICLE 40. The decisions of the General Meeting shall be recorded in a special Minute Book and signed by the members of the office. There shall be annexed to the minutes a list showing the number of the Shareholders attending the Meeting, and the number of votes belonging to them or which they have represented. This list shall also be signed by the members of the office.

ARTICLE 41. When it shall be necessary for any reason whatever to produce evidence of any resolution of the General Meeting, the Secretary to the Board, authorised by the Chairman or by whomsoever shall have fulfilled his functions, shall issue copies or extracts from the Minute Book of the proceedings of the Meetings.

ARTICLE 42. Resolutions relating to proposals of amalgamation or union with other Companies, of cessions of undertakings, of the leasing of the whole or part of the network of lines, of modifications of or additions to the Articles of Association, of increase or diminution of the Capital of the Company, and of the extension or earlier dissolution of the Company, can only be passed by a General Meeting expressly convened for the purpose, and composed of Shareholders of the Company holding fifty Shares or more, and representing at least one-half of the Capital of the Company. These resolutions will not be valid until they have been approved by the Government. In the event of the first notice convening a Meeting not bringing together a number of Shareholders representing one-half of the Capital of the Company, the course set forth in Article 34 shall be adopted.

SECTION VI.

THE PARIS COMMITTEE AND THE GENERAL MEETING OF
DEBENTURE-HOLDERS.

ARTICLE 43. Under the name of the Paris Committee a delegation from the Board of the Company, formed by the Directors elected for the purpose by the General Meeting of the Debenture-holders, shall sit and act at Paris.

Section. The remaining members of the Board may delegate one of the members of such Board to represent the latter at the sittings of the Paris Committee. This representative shall have a voice in its consultations, and his observations shall be recorded in the Minute Book.

ARTICLE 44. The Paris Committee shall elect every year from among its members a Chairman and a Vice-chairman, who may be re-elected indefinitely.

In case of the simultaneous absence of the Chairman and the Vice-chairman, the Board shall appoint one of its members to take the chair on the respective occasion.

ARTICLE 45. The Directors forming the Paris Committee shall have no responsibility in respect of the acts of the management in which they may not have taken part, but only in respect of the votes which they shall give or authorise by virtue of the Reports of the Board, the tenor of which Reports shall serve them as guarantee ; neither shall they be responsible for the non-execution or imperfect execution by the Board of the measures voted by them, except the fault can be fairly imputed to them.

ARTICLE 46. The Directors forming the Paris Committee shall have the same rights as the other Directors, and may take part in the Meetings of the Lisbon Board.

ARTICLE 47. The Paris Committee shall be heard on the subject of all the financial affairs of the Company and of the questions of general management, there being comprised in this category the appointment of the staffs, the fixing of salaries, and the appointment of the superior officers of the Company, as also the modification and the fixing of the general tariffs ; in short, every and any object of an absolutely general character.

§ 1. In addition to what is indicated in the present article, the Paris Committee shall have the right to offer opposition to the following being done without its consent:—

1. The contracting of Loans.
2. The modification of the Articles of Association.
3. The making of any contracts of a nature to modify the extension or the duration of the Concessions.

§ 2. In the event of there being a disagreement between the Paris Committee and the Lisbon Board on the subject of the questions indicated in the present Article, the resolution which shall give rise to such question shall be postponed for consideration at another Meeting which shall be expressly convened for such purpose. All the absent members shall be asked for their votes with the formalities indicated in Sections 1 and 2 of the 15th Article of the Articles of Association. In order that the definite resolution may assume an executive character, it will be necessary that two-thirds of the votes given by the members of the Board adopt it, and that these two-thirds represent at least eleven votes.

§ 3. The Paris Committee shall meet by virtue of a notice to that effect from the Chairman, or from whomsoever may replace him, whenever the interests of the Company may require it or at the requisition of the Board.

Such resolutions as may be passed by an absolute majority of votes of the members present or duly represented shall be valid, provided that at least four members of the Committee be personally present. The provisions of Sections 1, 2, and 3 of Article 15 are applicable to the Paris Committee.

§ 4. The resolutions of the Paris Committee shall be rendered authentic by the Minute Books signed by the Chairman and by two other members of the said Committee. Copies or extracts of these Minute Books in order to be valid must be signed by the Chairman, or by whomsoever shall replace him, and by two other members of the Committee.

Copies of the reports of all Meetings shall be sent to the Board.

ARTICLE 48. The General Meeting of the Debenture-holders shall take place ordinarily during the first half of each year for the purpose of the election of the members of the Paris Committee, and when it is

regularly constituted and shall represent for this purpose the whole of the Debenture-holders, its resolutions shall be binding alike on absent, dissenting, or disqualified members.

ARTICLE 49. The Meeting of Debenture-holders shall proceed annually to elect the members of the Paris Committee at the same time, for the same term, and on the same conditions as the other members of the Board elected by the Shareholders, adhering for this purpose to the provisions of Article 13.

Only section. In the event of the decease or resignation of one or several Directors representing Debenture-holders, the other Directors of the Paris Committee shall fill by election the vacancies so created. The Directors thus appointed shall have the same powers as the other Directors, but they shall only continue in office up to the time of the assembling of the Ordinary General Meeting of the Debenture-holders, which meeting shall definitely arrange the matter, but only for such time as the deceased or retiring Director would have continued in office.

ARTICLE 50. The chair at the Meeting of Debenture-holders shall be taken by one of the members of the Paris Committee, to be chosen by such Committee, but the first Meeting shall be called by one of the representatives of the foreign Creditors forming a part of the Committee appointed by the Decree of the 11th November, 1893. The chair shall be taken by this representative until the said Meeting shall have chosen its Chairman. The resolutions shall be passed by a majority of votes, and in the event of equality of votes the Chairman shall have a casting vote.

ARTICLE 51. In order to take part in the General Meetings the Debenture-holders must deposit their Certificates in the principal Portuguese, French, German, and English banks, indicated for the purpose by the Paris Committee in agreement with the Board. The receipts for the deposits made in these banks or houses of credit, all to be of the first class, shall be admitted as representative of such Certificates. The Board of the Company shall have the right to verify, at the cost of the Company, the reality of such deposits.

ARTICLE 52. The General Meeting of the Debenture-holders shall be considered constituted, and have power to pass resolutions, if there be present the holders of 100,000 Preference Debentures.

ARTICLE 53. In the event of there not being present Debenture-holders representing the number of Debentures indicated in Article 52, another notice shall be issued calling a Meeting after an interval

of 15 days, and, if necessary, a third notice shall be issued calling a Meeting after a fresh interval of 15 days. At the date fixed by the second notice the Meeting may be constituted and pass resolutions if there be present Debenture-holders representing 60,000 Preference Debentures. At the date fixed by the third notice the Meeting may take place and may pass resolutions if there be present Debenture-holders representing 50,000 Preference Debentures.

ARTICLE 54. If, after the Meeting shall have been called three times, Debenture-holders representing 50,000 Preference Debentures cannot be got together, the representation of the Debenture-holders on the Board shall be suppressed.

ARTICLE 55. The expenses of calling the Ordinary Annual Meeting of the Debenture-holders shall be paid by the Company, but must not exceed 6,000 francs per annum.

ARTICLE 56. Those Debenture-holders who shall have deposited fifty or more Debentures shall alone be entitled to take part in the Meeting. Every Debenture-holder shall have the right to cause himself to be represented by another Debenture-holder. The holders of a lesser number of Debentures may join together so as to complete the number required, and cause themselves to be represented by one of the members of the group.

ARTICLE 57. Every Member present at the Meeting shall have a vote for every fifty Preference Debentures belonging to him or which he shall represent as proxy. He shall not, however, have the right to accumulate more than 200 votes.

ARTICLE 58. The calling of an Extraordinary General Meeting may be demanded by a group of Debenture-holders who prove that they hold 10,000 Preference Debentures. If the Board consider the demand justified it may at the expense of the Company impose the calling of the Meeting on the Paris Committee. Both the Paris Committee and the Board shall always have the right to cause to be verified at the expense of the Company the reality of the deposit of the 10,000 Debentures.

ARTICLE 59. The Board of the Company may cause itself to be represented at all Meetings of Debenture-holders by one or two delegates, who shall have a voice in the consultations, and whose observations shall be entered in the Minute Book. These delegates shall be summoned to all Meetings by letter addressed to the Chairman of the Board.

SECTION VII.

BALANCE-SHEET, INVENTORY, ANNUAL ACCOUNT, DIVIDENDS,
RESERVE FUND, SINKING FUND.

ARTICLE 60. The Board shall draw up every half-year a summary of the situation of the Company in respect of assets and liabilities, and shall present it to the Board of Superintendence. Moreover, at the end of every year of the duration of the Company, it shall proceed to draw up an inventory which shall contain an indication of the real and personal securities, and of all the assets and liabilities of the Company. The Inventory, the Balance-sheet, and the Profit and Loss Account shall be produced to the Board of Superintendence twenty days at least before the General Meeting. They shall be distributed among the Shareholders eight days before the date of the said Meeting, and they shall finally be presented to the latter.

Only section. The Board shall forward every month to the Minister of Commerce, Industry, and Public Works a statement of the operations of the Company, and the Government will cause it to be published in the *Official Journal*.

ARTICLE 61. The net proceeds, after deduction has been made of the working expenses and the cost of maintenance, shall be appropriated in the following manner and in the following order :—

- 1st. The sum necessary for the payment of the Interest on the Preference Debentures, and for the redemption of the said Debentures in 60 years from 1898.
- 2nd. The sum intended annually for the redemption from 1898 of the non-Preference Debentures.
- 3rd. The sum intended for the payment of the maximum Interest of 3 per cent. on the non-Preference Debentures.
- 4th. The sum voted by the General Meeting of Shareholders for the reconstitution of the Retiring and Pension Fund for the benefit of the servants of the Company.
- 5th. One per cent. for the Reserve Fund up to the completion of 10 per cent. of the Share Capital.
- 6th. The surplus, if any, shall be applied in the manner determined by the General Meeting of Shareholders.

ARTICLE 62. The redemption of the Shares shall be effected ten years at least before the expiration of the term of the railway Con-

cession made to the Company, and for this purpose there shall be set apart out of the surplus referred to in No. 6 of the preceding article an amount proportionate to the Share Capital and to the Dividends on the Shares successively redeemed.

The designation of the Shares to be redeemed shall be made by a public drawing at Lisbon at the times and in the manner determined by the Board.

All Holders of Shares designated by a drawing for redemption shall receive in cash the value of their Shares, together with the Dividend in their favour up to the date fixed for the redemption, and in exchange for these Shares they shall receive other special Shares to bearer or usufruct Coupons.

These special Shares shall confer a right to a proportionate part of the surplus of the net annual proceeds after all charges shall have been released, and after 6 per cent. shall have been paid on the unredeemed Shares.

The Holders of these special Shares shall preserve the same rights as the Holders of unredeemed Shares except as regards the Dividend up to 6 per cent. on the amount redeemed of their Shares to which they shall not be entitled. The numbers of the Shares to be redeemed designated by the drawing shall be published in conformity with Article 7. The redemption of the amount of the Shares shall be effected in Lisbon, Paris, London, and Berlin at the banks indicated by the Board from the 1st January of the year following that wherein the redemption shall be voted.

Only section. The General Meeting may, when such Meeting may deem it expedient in conformity with the present article, on the proposal of the Board and with the approval of the Board of Superintendence, decide on the redemption of the largest number of Shares permitted by the amount set apart in this connection, and proportionate to the Capital of the Company and the Dividends as mentioned in the present Article.

Nevertheless, should the contingency arise, the Dividends on the Shares redeemed in anticipation shall not be applied to future redemptions except after the arrival of the time when they would have to follow the ordinary rule.

The system of redemption may also be modified by an observance of the provisions of the first part of this Article.

ARTICLE 63. The payment of the Dividend shall take place, according to the decision of the Board, half-yearly or annually in

Lisbon, Paris, London, and Berlin, at the banks indicated, and at the times appointed by the said Board. These times shall be notified in the manner indicated in Article 7.

All Dividends not collected within the term of five years from the date of this notice shall become the property of the Company.

SECTION VIII.

LIQUIDATION. DISPUTES.

ARTICLE 64. When, for any reason whatever, the dissolution of the Company shall have been decided on, the General Meeting shall appoint as Liquidators five Shareholders having the right to vote and not being members of the Board, and four members of the Board. These Liquidators shall proceed immediately to the winding-up of the Company in the manner provided in such case by the Commercial Code. The functions of the Board shall cease from the moment when those of the Liquidators commence.

ARTICLE 65. As soon as the dissolution shall have been decided on, the assets of the Company shall be converted into realisable Securities. All the sums belonging to third parties shall be refunded, and the surplus shall be distributed among the Shareholders in proportion to the Shares held by them. Should any difficulties arise in relation to this distribution they shall be settled in the manner indicated in the following article.

ARTICLE 66. All disputes that may arise between the Government and the Company in respect of the execution of the Contracts and Decrees of Concession shall be decided in the manner provided in the said Contracts and Decrees.

Only section. Such disputes as may arise between the Board or the General Meeting and the Shareholders shall be submitted to arbitration ; two of the Arbitrators shall be appointed by the Company represented by the Board and two by the Shareholders.

The appointment of the fifth Arbitrator, when such appointment becomes necessary, shall be reserved to the Judge of the Lisbon Tribunal of Commerce, should the parties not be in agreement on the subject of such appointment.

SECTION IX.

GENERAL AND TRANSITORY PROVISIONS.

ARTICLE 67. The Government shall have the right to suspend and annul the resolutions of the Company on the subject of the issue of certificates, the purchase or leasing of lines, contracts for general working undertakings, or any other administrative acts that may be contrary to the Law, the Statutes, or other interests of the State.

ARTICLE 68. When once the Agreement between the Company and its Creditors shall be ratified, in conformity with Section 3 of Article 7 of the Decree of the 9th November, 1893, the Administrative Committee shall immediately summon the General Meeting of Shareholders and Debenture-holders, according to the terms of the said Agreement, so that they may, within the term of thirty days, in accordance with the present Articles of Association, proceed to the election of the Managing Bodies of the Company.

Only section. By way of exception to the provisions of Articles 13, 22, 24 and 49, the first appointment of the Managing Bodies, including the Executive Committee of the Board, and the Paris Committee, shall be made for five years, and only after this period shall the first replacement be proceeded with.

The first appointment of the representatives of the Government on the Board and on the Executive Committee, shall also last five years.

ARTICLE 69. For the term of five years referred to in the only section of Article 68, the remuneration of the Managing Bodies shall be that allowed to each of them in 1893, the Executive Committee referred to in Article 32 being considered for this purpose as corresponding to the Administrative Committee.

ARTICLE 70. The Administrative Committee appointed by the Decree of the 11th November, 1893, shall continue to manage the affairs of the Company during all the period that shall elapse after the ratification of the Agreement between the Company and its Creditors, until the moment of the Managing Bodies being placed in possession.

Only section. It shall be the province of the Administrative Committee to place in possession the Board of Superintendence and the Chairman of the General Meeting as soon as the election referred to

in Article 68 shall have taken place; from the moment the said possession has been taken by such bodies, the functions of the said Committee shall cease.

LISBON, *5th January*, 1894.

(Signed)

ANTONIO M. P. CARRILHO, V.P.
VICTORINO VAZ, JR.
M. PAES DE VILLAS BOAS.
M. DE CASTRO GUIMARÃES.
JOÃO MARCELLINO ARROYO.
E. MADEIRA PINTO.

Certified as a true translation of the original printed in the Portuguese language.

LISBON, *24th January*, 1894.

The Clerk to the Office of the Keeper of the Records,

(Signed) B. MARTINS DE PAIVA.

The publication of the above documents provoked much opposition in France and Germany, where the Bonds are chiefly held, and a petition was presented to the French Senate praying for the active interference of the Government.

The consideration of that petition was entrusted to a Commission of the Senate, who reported favourably upon it, and in the end it was unanimously adopted by that body.

In presenting that Report, M. Trarieux, the reporter of the Commission, showed that the so-called Convention had never been accepted by the Bondholders; that, after parading their intention of arbitrating impartially between the different classes of creditors, the Government, instead of allowing the liquidation to take place under the direction of the Courts, usurped the powers of the latter,

and appointed a Committee of nine members as additional members of the administration of the Railway, and to reconcile all interests. He showed that it was not an impartial Committee, composed as it was of three members specially appointed to watch over a claim of the Government of 30 millions of francs, one member to represent the Holders of Floating Debt—about 35 millions of francs; three members for the Share Capital—about 40 millions, and lastly the remaining two members to represent the Holders of Obligations of a nominal value of 400 millions or 300 millions real value. He further showed that the Government had for the last two years had the administration of the Portuguese Railways under their own control, and that during that time they had encashed more than 17 millions, of which no account had been rendered.

He showed that the so-called Convention gives the Government and the Holders of Floating Debt the privilege of payment in full, while the Bondholders are deprived of all their arrear Interest, and have to submit to the loss of one-third of their claims, while of the other two-thirds, one only receives a fixed rate of Interest, the other being dependent on the earnings of the line.

In these circumstances the Bondholders appealed to the Government for support.

M. Casimir-Perier, President of the Council and Minister for Foreign Affairs, in his reply, stated that M. Bihourd, the French Ambassador at Lisbon, had already been instructed to remonstrate with the Portuguese Government, that he had received an assurance that the Bondholders should have an opportunity of expressing their views, but that in a few days the scheme had been approved and adopted

by the Government without waiting for an expression of opinion from the creditors. M. Bihourd had demanded explanations, and was informed that the act was the edict of a Judge. To this he objected that in any case the Government had brought the affair before the Judge, and were therefore responsible, and that they appeared to have broken their engagements.

Meanwhile, the services of an Inspector of Finances, M. Lhomme, were put at the disposal of the Bondholders, and that gentleman proceeded to Lisbon to report on the case, with full instructions from the Government. When this gentleman arrived he was told that it was too late; that the Convention and Statutes had been promulgated; that the Bondholders had a period of three months in which to examine them, but that the Government had nothing more to say or do.

After an interview with the Portuguese Minister in Paris, in which the latter was reminded that France was not merely accustomed to interfere where the interests of the French Treasury were concerned, but was also bound to protest and act, if necessary, in defence of the legitimate interests of her subjects, M. Bihourd was recalled. A few days after his arrival in Paris the Portuguese Minister asked what were the wishes of the French Government with regard to the settlement of the Railway Question. He was informed that it was for his Government to make proposals, and that he should address himself to the Bondholders, but that if the French Government had to express an opinion it would be that the full rights of the Bondholders should be restored.

As the Minister did not appear thoroughly convinced, he was reminded that if the recall of M. Bihourd was not

sufficiently significant, there was still a Chargé d'Affaires and Staff of Legation at Lisbon who would afford the Government a ready means of making themselves understood.

In consequence of the pressure put upon them, M. Casimir-Perier went on to say that the Lisbon Cabinet had made fresh proposals, which it would be for the Bondholders to consider ; that they had consented to defer the payment of the Government claim, and were now willing to exchange Bond for Bond, instead of confiscating one out of every three as at first proposed. It was also believed that they would consent to receive payment of their claim in Obligations instead of gold, but this had not yet been put into writing. A Delegate had arrived from Lisbon to confer with the Bondholders, and it had been intimated to the latter that when a settlement had been come to they might count on the diplomatic support of the Government.

It is likewise understood that the German Government are also supporting the claims of the Bondholders.

SANTO DOMINGO.

Six per Cent. Sterling Loan, 1888 ... £731,000

Six per Cent. Sterling Loan, 1890 ... £571,000

Santo Domingo Committee.

Rt. Hon. Sir John Lubbock, Bart., M.P., <i>Chairman Ex</i> <i>officio.</i>	J. G. Peckham, Esq.
Gen. Sir Luther Vaughan, K.C.B., <i>Deputy-Chairman.</i>	Chas. Penruddocke, Esq., J.P.
E. F. Coates, Esq.	A. W. Ray, Esq.
W. Johnson, Esq.	W. Richardson, Esq.
Robert Monckton, Esq.	J. E. Wadsworth, Esq.
	T. Wood, Esq.
	<i>Secretary.</i>
	Charles O'Leary, Esq.

As stated in the last Report of the Committee, Messrs. Westendorp & Co., of Amsterdam, the Agents in Europe of the Dominican Government, had in 1892 handed over to the San Domingo Improvement Company, of New York, their functions in regard to the collection of the Customs Duties assigned for the service of the Debt, and in March, 1893, the control of the Custom-houses was taken over by the said Company, which had, as appears from a British Consular Report, issued in June, 1893, bought up the Puerto Plata Railway and the Dutch Loan

of 1890, together with the concessions and franchises granted to Messrs. Westendorp & Co.

In November, 1893, the attention of the Council and Committee was drawn to an advertisement which appeared in a Brussels newspaper, signed by the new Financial Agent of the Dominican Government in Europe, informing Holders of Bonds of the Loans of 1888 and 1890 that a Conversion of these Bonds into a 4 per cent. Consolidated Gold Debt was to be opened on the 1st of December, 1893, at the offices of the Financial Agency of the Republic in Brussels.

The annexed is a translation of the advertisement in question :—

“Moniteur des Intérêts Matériels.”

BRUSSELS, 23rd November, 1893.

[*Translation.*]

DOMINICAN REPUBLIC.

CONVERSION OF THE SIX PER CENT. LOAN OF 1888 AND CENTRAL DOMINICAN RAILWAY LOAN OF 1890.

Holders of the Bonds of the above Loans are invited to present their Bonds at the offices of the Financial Agency of the Dominican Government at Brussels, in order that, pending their exchange against the Definitive Bonds of the Dominican Four per Cent. Consolidated Gold Loan, they may be marked with a Stamp indicating their acceptance of the Conversion, the bases of which have already been published.

The arrear Coupons will be detached from the Bonds at the Financial Agency of the Dominican Government, and the Holders will receive, in exchange, a Scrip Certificate of like amount, payable in

Bonds of the Four Per Cent. Consolidated Gold Loan. One Scrip Certificate only for each list of Bonds presented will be issued.

The Coupon of the 2nd January, 1894, will remain attached to the Bonds, and shall be similarly marked with a Stamp indicating that it is payable at maturity at fr. 10.08 per £20 Bond and fr. 50.40 per £100 Bond.

The above operations will be effected at the offices of the Financial Agency of the Dominican Government, 17, Rue du Nord, Brussels, on and after the 1st December next, from 10 to noon, and from 2 to 4 o'clock.

Application for a quotation on the Brussels Stock Exchange will be made at once.

BRUSSELS, 12th November, 1893.

(Signed) J. MENDEL,
*Financial Agent of the Dominican
Government in Europe.*

As, however, this advertisement did not furnish the Bondholders with the necessary details of the Conversion, the Council applied to the Financial Agent of the Government in Brussels for the required information.

In reply, they received the following "Bases of Conversion," and circulated them amongst the Bondholders:—

[*Translation.*]

DOMINICAN REPUBLIC.

BASES OF THE CONVERSION PRESENTED BY THE DOMINICAN GOVERNMENT CONCERNING THE 6 PER CENT. LOAN OF 1888 AND THE 6 PER CENT. DOMINICAN RAILWAY LOAN OF 1890, IN PURSUANCE OF THE LAW AND CONVENTION PROMULGATED 24TH MARCH, 1893.

1. Conversion of the two Loans into one single 4 per cent. Consolidated Gold Loan, bearing Interest from the 1st July, 1893. The nominal amount of this Loan, consisting of Bonds of £20 and

£100 each, is fixed at £2,035,000 sterling, of which £425,000 is to be applied to completing the construction of the first section of the Central Dominican Railway. Amortization within 66 years by purchases on the market or drawings by means of an annual accumulative Sinking Fund of $\frac{1}{2}$ per cent. Coupons payable on the 2nd January and 1st July of each year at the fixed exchange of fr. 25.20, fl. 12, per pound sterling.

This new 4 per cent. Consolidated Loan is guaranteed by :—

- (a.) The yield of the Customs Duties of the Dominican Republic, levied at present, or to be created by virtue of new laws, after deducting a monthly sum of about \$93,500 silver for the requirements of the Government Budget and the cost of collection.
- (b.) A first mortgage on the first section of the Central Dominican Railway, its nett annual revenue and its plant and accessories. The first subsection of this Railway is open for working ; the construction of the second subsection will be effected in accordance with the terms of a Convention concluded on this subject with the Dominican Government.

These guarantees will be applied as follows :—

The collection of the Customs is made with the obligatory assistance, control and surveillance of the General Treasury of the Régie of Dominican Customs, of which all the functionaries and employés are appointed and removable by the San Domingo Improvement Company of New York. The General Treasury of the Régie alone receives the funds derived from this collection, as well as the funds to be derived from the nett receipts of the Railway, and distributes them between the Dominican Government and the Holders of the 4 per cent. Consolidated Gold Loan under the control of the Government.

Moreover, in case of non-payment by the Dominican Government of the Interest and Capital of the 4 per cent. Consolidated Gold Loan, or in case of other peremptory need, the San Domingo Improvement Company of New York is bound to initiate the appointment of a Financial Commission, which shall be substituted, as regards collection and distribution of the Customs Revenues, for the Government Treasury of the Régie, and whose members the Dominican Govern-

ment consents shall be nominated by the Governments of Holland, Belgium, England, France, and the United States of America.

All the stipulations of the original Contracts remain in force, excepting so far as they are modified by the Law and Convention of the 24th March, 1893, and by the present Arrangement.

2. Exchange Bond for Bond of the Obligations of the two Loans of 1888 and 1890, against Obligations of the same nominal value of the new 4 per cent. Consolidated Gold Loan, bearing Interest from 1st July, 1893 (first Coupon payable 1st January, 1894).

3. The arrear Coupons of the Loans of 1888 and 1890 shall be paid in Bonds of the 4 per cent. Consolidated Gold Loan, bearing Interest from 1st January, 1894, reckoned at par.

4. The Dominican Government reserves the right to repay at any time, at par, the 4 per cent. Consolidated Gold Loan, giving six months' notice in advance.

A notice, which will be published before the 14th November next, will inform Bondholders, who may accept the present Conversion, of the formalities they will have to comply with.

BRUSSELS, 28th October, 1893.

By order of the Dominican Government,

I. MENDEL,
*Financial Agent of the Dominican
Government in Europe.*

The Committee was thereupon called together to consider the position of affairs, and it was decided to enquire if the Committees of the Stock Exchanges at Amsterdam and Antwerp—where the bulk of the Dominican Debt is held—approved of the Conversion Scheme, and whether they considered it would be of advantage to the Bondholders to accept the terms offered.

Replies were received to the effect that the Conversion was practically an accomplished fact, as £1,000,000 Bonds out of a total of £1,300,000 Bonds had already been converted.

In view of this result, the Council decided to invite the English Holders of Bonds to deposit them for Conversion at the Councilhouse, and undertook to carry out this operation on their behalf in the terms of the subjoined advertisement :—

SANTO DOMINGO LOANS OF 1888 AND 1890.

NOTICE IS HEREBY GIVEN to Holders of Santo Domingo Bonds of the 6 per cent. Loan of 1888 and the 6 per cent. Railway Loan of 1890 that the Council of Foreign Bondholders have been informed that a Conversion of the Debt into 4 per cent. Gold Bonds has been decreed by the Dominican Government in pursuance of a Law and Convention promulgated on March 24th, 1893. The Conversion has been opened in Brussels by the Financial Agent of the Dominican Government, and has been arranged without the approval of the Council or the consent of the Committee acting in conjunction with them, and representing the interests of the English Bondholders ; at the same time, if the Bondholders desire to avail themselves of it, the Council are prepared to receive Bonds for transmission there for Conversion, in accordance with the terms offered, copies of which can be had on application at the Councilhouse.

A charge of $\frac{1}{4}$ per cent. on the face value of the New Bonds will be made on delivery to cover all expenses.

CHARLES O'LEARY,
Secretary.

Councilhouse, 17, Moorgate-street, London, E.C.

January, 1894.

In response to this advertisement the Council have received upwards of £18,000 Bonds, which will be sent out in due course. It is understood the New Bonds will be ready in May.

The Coupon of the 2nd January, 1894, on the Old Bonds of 1888 and 1890 is now in course of payment at the Financial Agency in Brussels, as appears from the following advertisement :—

"Moniteur des Intérêts Matériels."

BRUSSELS, 28th December, 1893.

[Translation.]

DOMINICAN REPUBLIC.

FOUR PER CENT. CONSOLIDATED GOLD LOAN.

The Coupons payable on the 2nd January, 1894, on the Old Bonds which have been stamped of the 6 per cent. Loan of 1888, and the 6 per cent. Central Railway Loan of 1890, are payable at the Financial Agency of the Dominican Government in Europe, 17, Rue du Nord, Brussels, at the following rates :—Fr. 10.08 for each stamped Coupon on Bonds of £20, and fr. 50.40 for each stamped Coupon on Bonds of £100. Payable daily, from 10 o'clock a.m. to 12 o'clock noon, and from 2 to 4 p.m. on and after the 2nd of January, 1894.

The only available information with regard to the Trade and Commerce of the Republic is taken from Réports sent to the British Foreign Office in May, 1893, by the Vice-Consuls at San Domingo and Puerto Plata.

PRINCIPAL ARTICLES OF EXPORT FROM SANTO DOMINGO AND
SAN PEDRO DE MACORIS DURING THE YEARS 1890-1892.

Articles.	1890.		1891.		1892.	
	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.
Logwood ..	Tons 778	£	Tons 974	£	Tons 599	£
Lignum Vitæ ..	" 1,214		" 1,126		" 849	
Mahogany ..	Feet 138,500		Feet 145,000		Feet 223,200	
Fustic ..	Tons 747		Tons 697		Tons 149	
Wax (Bees) ..	Lbs. 58,500		Lbs. 78,483		Lbs. 51,440	
Honey ..	Gals. 40,165		Gals. 16,560		Gals. 57,400	
Tortoise Shell ..	Lbs. 178		Lbs. 388		Lbs. 424	
Coffee ..	" 472,676		" 329,358		" 406,367	
Cedar ..	Feet 14,526		Feet 4,000		Feet ..	
Resin ..	Lbs. 8,031		Lbs. 16,437		Lbs. 7,900	
Cocoa ..	" 224,051		" 216,440		" 136,547	
Sugar ..	Tons 9,500		Tons 6,000		Tons 11,115	
Lancewood						
Spars ..	No. 100,000		No. 894,000		No. 312,000	
Hides ..	" 6,166		" 4,861		" 8,124	
Tobacco ..	" ..		" ..		Lbs. 6,750	
Cattle ..	" ..		" ..		Head 47	
Mangrove Bark ..	" ..		" ..		Tons 28,068	
Sole Leather ..	" ..		" ..		Lbs. 1,762	
Rum ..	" ..		" ..		Gals. 28,368	
Divi-divi ..	" ..		" ..		Lbs. 8,236	
Orange Skins ..	" ..		" ..		" 1,180	
Total ..	" ..	189,809	" ..	131,378	" ..	143,573
Duty Paid ..	" ..	" ..	" ..	" ..	" ..	10,200
						153,773

* To the above total of £153,773 is to be added £240,000 for Sugar exported from Macoris in 1892, making a total of £393,773 Exports for 1892.

SUGAR TRADE WITH SAN PEDRO DE MACORIS FOR THE
YEARS 1891 AND 1892.

	EXPORT.		IMPORT.	
	Quantity.	Value.	Quantity.	Value.
1891	Tons 12,000 ...	...	.....	...
1892	Tons 28,250 ...	£ 240,000*	Tons 12,000 ...	£ 75,000

PRINCIPAL ARTICLES OF IMPORT TO THE CITY OF SANTO
DOMINGO AND TO SAN PEDRO DE MACORIS DURING
THE YEARS 1890—1892.

Articles.	Value.		
	1890.	1891.	1892.
Cotton and Linen Goods, Hardware, Glass and Earthenware, Breadstuffs, Provisions, etc.	£ 230,990	£ 223,560	£ 295,000
Sugar (12,000 tons) imported into Macoris .. ...	...	...	75,000
		Total ...	370,000

* See note on facing page.

PRINCIPAL ARTICLES OF EXPORT FROM PUERTO PLATA
DURING THE YEARS 1891-92.

Articles.	1891.		1892.	
	Quantity.	Value.	Quantity.	Value.
		£		£
Tobacco ...	Lbs. 3,687,416		Lbs. 5,837,089	
Mahogany, logs ...	Feet 609,760		Feet } 733,817	
" curls ...	" 103,730		" }	
Ox Hides ...	No. 12,035		No. 11,230	
Goat Skins ...	Doz. 3,590		Doz. 3,677	
Sugar ...	Lbs. 334,580		Lbs. 768,790	
Honey ...	Gals. 2,600		Gals. 4,700	
Dye Woods ...	Tons 323		Tons ...	
Lancewood Spars.	No. 4,122		No. 5,724	
Lignum Vitæ and				
Fustic ...	Tons 705½		Tons ...	
Wax (Bees) ...	Lbs. 92,419		Lbs. 54,880	
Coffee ...	" 905,375		" 377,353	
Cocoa ...	" 198,130		" 221,100	
Divi-divi ...	" 11,275		" 15,127	
Old Copper ...	" 26,469		" 17,060	
Horns ...	No. 1,500		No. 2,300	
Cedar ...	Feet ...		Feet 12,000	
Sundries* ...	...		...
	.....	£102,009	.....	£104,777

* Including Cigars, 4,000; Molasses, 520 Gals. ; Cocoa Nuts, 10,000.

PRINCIPAL ARTICLES OF IMPORT TO PUERTO PLATA
DURING THE YEARS 1891-1892.

Articles.	1891.	1892.
	Value.	Value.
Merchandise, Hardware and Provisions... ..	£95,021	£80,465

No further details are given, and the quantities are unknown.

The total value of all Exports from the Dominican Republic in 1892 was £607,132, upon which the total Duty collected by the Government was £53,288.

The total value of all Imports in 1892 was £402,347, upon which a duty of £164,229 accrued to the Government.

RAILWAYS.

During the past year the construction of a new railway, called the Central Dominican Railway, has been started from Puerto Plata in the north of the Island to Santiago. About 12 miles has been opened as far as Bajabonico. The road is said to be solidly constructed, and the best material and appliances have been used. This line, if finished, will, it is alleged, seriously interfere with the English line (Samana and Santiago) of Messrs. Baird & Co., of Glasgow, which has at present only reached La Vega, a distance of 62 miles.

The transfer of the Concession and rolling stock of the Central Railway to the San Domingo Improvement Company of New York is expected to prove very beneficial to the Island generally.

The Samana and Santiago Railway (from Santiago to the Port of Sanchez, in the Bay of Samana) has more than covered its working expenses by the transport of tobacco and other produce from La Vega to Sanchez, and it was considered probable that the Shareholders would receive a small dividend from the transactions of 1892.

BANKS.

The National Bank of San Domingo continues to transact business under the terms of its Concession. Its paper money circulates freely, and Branch Agencies have been established in the principal towns of the Republic, mainly for the sale of Government Stamped Paper and Postage Stamps, and for the collection of the 5 per cent. Tax on Import Duties, which privileges have been transferred to the establishment for a certain term to cover its cash advances to the Government.

SAN DOMINGO IMPROVEMENT COMPANY OF
NEW YORK.

The British Vice-Consul at Puerto Plata reports that this is a Company constituted under the restrictions of the State of New Jersey, U.S.A., with a Capital of \$2,000,000, to whom Messrs. Westendorp & Co., of Amsterdam, the contractors for the San Domingo Loans of 1888 and 1890, have transferred all the rights, privileges, and obligations established mutually between the San Domingo Government and themselves.

Mr. Lister further states:—

“The transfer referred to was communicated to the Dominican Government on May 27th, 1892, by Messrs. Westendorp & Co. and “by the San Domingo Improvement Company, but was held by the “former to be illegal and without effect on the ground that it had been “made without previously having obtained the consent and agreement “of the Dominican Government, one of the contracting parties, and “without having consulted the Bondholders who had subscribed to “the 1888 and 1890 Loans.

“A Committee formed of the most eminent lawyers of this country “was appointed by the Dominican Government to study the points

"under discussion, and after mature consideration it was decided that
 "the Government of this country could not legally oppose the transfer.

"The principal advantages which the Dominican Government will
 "receive by this transfer will be :—

"1. The conversion of the Foreign Debt for which the San Domingo
 "Improvement Company will issue £2,035,000 nominal in 4 per cent.
 "Bonds.

"2. The San Domingo Improvement Company will advance the
 "Dominican Government \$90,000 per month ; that is, \$25,000 on the
 "1st, 8th, 15th, and 22nd day of each month to attend to the public
 "Budget expenses.

"3. The Interest on the Loans will be reduced from 6 per cent. to
 "4 per cent., and make a difference in favour of Government per
 "annum of £21,070.

"4. The Company will pay off \$659,000 owed to four merchants
 "for advances made to Government, and for which they have been
 "in the habit of collecting monthly sums from the Custom-houses in
 "part payment.

"The Company will have no right to transfer the privileges which
 "it acquires to any foreign nation or Government."

SPAIN.

General Committee of Holders of the External Debt.

Those marked * are Members of the Executive Committee.

Right Hon. Sir John Lubbock, Bart., M.P., <i>Ex officio</i> .	Rev. W. B. Harrison.
Augustus B. Abraham, Esq.	*Geo. Herring, Esq.
*W. H. Bishop, Esq.	Rev. W. Hodgson.
*Lionel N. Bonar, Esq.	Arthur Kimber, Esq.
Andrew Cassels, Esq.	W. H. Mogg, Esq.
*M. Castello, Esq.	D. Robinson, Esq.
*David Clarke, Esq.	Christopher Rowlands, Esq.
John Collinson, Esq.	Thos. Rumball, Esq., M.I.C.E.
Chas. John Croke, Esq.	*C. Surgey, Esq.
R. Dixon, Esq.	W. Trotter, Esq.
W. Duncan, Esq.	John Vade, Esq.
*Roger Eykyn, Esq.	*Gen. Sir Luther Vaughan, K.C.B.
Henry I. Fotherby, Esq., M.D.	Lieut.-Col. Vickers.
Captain T. Fuller.	*H. A. Withers, Esq.
James Gardner, Esq.	Edwd. Wright, Esq.
John Goddard, Esq.	J. Eveleigh Wyndham, Esq.
Wm. Grain, Esq.	
G. de G. Griffiths, Esq., M.D.	<i>Secretary of the Committee.</i>
W. Griffith, Esq.	Charles O'Leary, Esq.

Population (Census 1887) :—

Males	...	...	...	...	...	8,607,242
Females	...	...	...	...	...	8,943,004
Total	...	...	...	...	...	<u>17,550,246</u>

CAPITAL, MADRID.

Population (1887)... .. 472,000

KING : ALFONSO XIII.

Queen Regent, his mother, Queen Maria Cristina.

GOVERNMENT.

President of Council	...	...	Señor Sagasta.
Minister Foreign Affairs	...	...	Señor Moret.
„ Finance	...	...	Señor Amos Salvador.
„ Interior	...	...	Señor Aguilera.
Grace and Justice	...	...	Señor Ruiz y Capdepon.
Public Works	...	...	Señor Groizard.
War	...	...	General Lopez Dominguez.
„ Marine	...	...	Admiral Manuel Pasquin y de Juan.
„ Colonies	...	...	Señor Becerra.

SHORT HISTORY OF THE PUBLIC DEBT (FOREIGN).

1834.—External Debt, mostly 5 per cent., converted into £66 $\frac{2}{3}$, five per cent. Bonds, and £33 $\frac{1}{3}$, “Passive” Bonds. The overdue Interest was converted into “Deferred” Bonds, reconvertible into “Active” five per cent. Bonds by twelve annual drawings.

1841.—The Unified Coupons during the default, 1837-40, were converted into three per cent. Bonds.

1851.—Under Señor Bravo Murillo the “Active” five per cent. Bonds, with 50 per cent. arrears of overdue Interest were, under the Law of that year, converted into Bonds bearing Interest at 1 per cent., and rising by $\frac{1}{4}$ per cent. every second year up to the attainment of 3 per cent. annual Interest.

The Bondholders converted under protest, and issued “Certificates” for the 50 per cent. of Coupons confiscated under the Law, which were converted in 1867 into three per cent. Bonds at the rate of £55. 11s. 4d. per £100 Certificate issued.

1867.—The “Passive” Bonds not absorbed by purchases of National Lands were converted into three per cent. Bonds at the rate of £340 Stock and £95·4 cash for £510 three per cent. Stock.

1882.—By an agreement with the Bondholders 43·75 four per cent. Stock was issued against 100 three per cent. Stock, and 87·5 four per cent. Stock of Railway Obligations.

Four per cent. issue, £77,587,613. Dividends payable January 1st, April 1st, July 1st, October 1st at 25 fcs. 20 cts. per £ sterling. Annual Revenue required for service of the Loan, £3,087,744.

1870.—Five per cent. Quicksilver Loan, issued at 80 per cent. Present amount, £928,500.

ESTIMATES 1893-4

The estimates of Revenue given below are taken from the Budget laid before the Cortes on the 10th of May, 1893; those of Expenditure from a Decree issued on the 30th of June, the first proposals of the Government having encountered some opposition. It was estimated that there would be a surplus of 1½ million pesetas, but on comparing the respective amounts, viz. :—

Expenditure	...	...	Pes.	739,872,874
Revenue	...	...	...	738,476,350

There appears a deficit of Pes. 1,396,524

The following are the details for 1893-4 :—

REVENUE.				Pesetas.
*Direct Taxes on Land, Trade, Mines, Government				
Salaries, Registration, etc.	...	...	...	291,423,450
Indirect Taxes, Customs, Excise, etc.	...	...	...	281,768,000
Tobacco Monopoly, Lottery, Mint, etc.	...	...	...	129,940,000
Revenue from National Property	...	...	...	22,874,900
From the Public Treasury	...	...	...	12,470,000
Total	...	...	...	<u>738,476,350</u>

* Including an offered donation from Queen Isabella of pesetas 1,000,000, and an increase of pesetas 3,334,000 in the so-called donation of the Clergy.

EXPENDITURE.						Pesetas.
Civil List	...	...	...	...	...	9,500,000
Cortes	...	...	...	...	...	1,724,260
Public Debt	...	...	...	...	...	290,966,415
Judicial Expenses	...	...	...	...	...	2,023,205
Indemnities and Pensions	...	...	...	...	...	54,751,200
Presidency of Council...	...	...	...	...	...	978,050
Ministry of Foreign Affairs	...	...	...	...	...	5,064,412
" Justice	...	...	...	...	...	56,437,510
" War	...	...	...	...	...	140,640,997
" Marine	...	...	...	...	...	29,741,573
" Interior	...	...	...	...	...	27,935,351
" Public Works	...	...	...	...	...	74,545,462
" Finance	...	...	...	...	...	15,843,917
Expenses of Collecting Taxes	...	...	...	...	...	29,065,522
Fernando Po	...	...	...	...	...	655,000
Total						<u>739,872,874</u>

The following Tables show the amounts collected and paid respectively, and the sums still outstanding in respect of the financial year, 1892-3.

In Spain a period of 18 months is allowed for the "exercise" of the Budget. Thus, although the financial year ends on the 30th of June, the accounts are not closed until the 31st of December. After this period balances are treated as "arrears" of former Budgets.

REVENUE, 1892-3.

Receipts.	Amounts Collected.	Amounts Outstanding.
	Pesetas.	Pesetas.
Direct Taxes	263,737,895	21,387,423
Indirect Taxes	283,884,112	12,959,358
Government Monopolies, etc.	127,059,269	58,571
Revenue from Government Property:—		
Rents	17,388,271	2,172,852
Sales	2,146,691	1,494,613
From the Public Treasury	13,181,934	1,871
Total	707,398,172	38,074,688

EXPENDITURE, 1892-3.

Payments.	Actual Payments.	Payments Outstanding.
	Pesetas.	Pesetas.
Civil List	9,500,000	...
Cortes	1,724,260	...
Public Debt	293,023,012	4,835,493
Justice	1,558,815	464,390
Pensions	55,253,229	...
Presidency of Council	2,470,535	1,884
Ministry of Foreign Affairs	4,438,758	653,406
Grace and Justice { Civil	14,829,872	64,751
Ecclesiastical	41,890,620	130,813
War	141,803,362	340,539
Marine	37,404,298	307,886
Interior	28,268,853	210,903
Public Works	74,119,294	1,009,985
Finance	18,692,400	78,771
Expenses of Collecting Taxes	28,812,292	1,934,685
Colony of Fernando Po	655,000	...
Total ...	754,444,600	10,033,506

Comparing the amounts actually paid by
the Treasury Pes. 754,444,600
with those received 707,398,172
there appears a deficit of 47,046,428

Deducting, however, the dif-
ference between the amount
still due to the Treasury ... Pes. 38,074,688
and Outstanding Payments.. 10,033,506
28,041,182

the Deficit is reduced to Pes. 19,005,246

The following Table affords a comparison of the amounts
received and expended by the Treasury during the ten

years ending 30th June, 1893, with the resulting Deficits (fractions omitted).

Year.	Revenue. (Actual Amount Collected).	Expendi- ture. (Actual Amount Spent).	Deficit.	Fresh Debt Incurred.	Surplus + or Deficit — of Closed Budgets.	Definitive Deficit.
	Pesetas.	Pesetas.	Pesetas.	Pesetas.	Pesetas.	Pesetas.
1883-4 ..	821,258,178	843,248,634	21,990,456	19,584,016	-25,376,234	66,950,706
1884-5 ..	815,272,430	842,672,774	27,400,344	14,243,432	-34,361,217	76,004,993
1885-6 ..	798,532,869	884,507,175	85,974,307	525,820	+62,149,178	24,350,949
1886-7 ..	866,373,050	888,611,389	22,238,339	2,066,662	-32,983,708	57,288,707
1887-8 ..	786,870,878	828,054,656	41,183,777	39,062,578	-2,272,831	82,519,186
1888-9 ..	730,642,577	832,088,393	102,345,816	33,000,000	-6,075,043	141,420,859
1889-90 ..	746,275,029	821,867,497	75,592,469	10,000,000	+ 3,330,181	82,262,288
1890-1 ..	746,958,080	822,647,762	75,689,682	No reliable particulars are yet obtainable for these three columns for the last three years. The averages for these columns are, therefore, reckoned on a seven years basis.		
1891-2 ..	744,967,551	820,758,926	75,791,375			
1892-3 ..	707,398,172	754,444,600	47,046,428			
Averages ..	780,454,881	833,980,181	57,525,299	16,926,072	- 5,084,239	75,956,941

The measures adopted for collecting the Property and Industrial Taxes and for preventing fraudulent evasions appear to have been successful; the defaulters, convinced that the Government was really in earnest, having made their declarations in due form. The worst offenders in this respect were Madrid and Barcelona, no less than 500 town properties in the former city having been discovered as paying no tax at all, while 700 doctors have applied for registration as practitioners, having for years evaded the payment of the fees. In Barcelona the undeclared property is valued at $9\frac{1}{2}$ million pesetas.

The following are the returns for the whole country:—

DESCRIPTION.	VALUE.
Undeclared Urban Property Pesetas	15,288,925
„ Industrial do. „	6,858,550.
„	<u>22,147,475</u>

This, it is stated, will bring into the Treasury an additional 9,300,000 pesetas per annum, and the returns are not yet complete.

The following amounts, according to statements published in the "Official Gazette," are required for the service of the Public Debt :—

STATE DEBT SERVICE.

	Pesetas.
External and Internal Perpetual 4 per Cent. Debt ...	170,145,199
Redemption of Fractions of Consolidated Debt ...	10,000
<i>Redeemable Debt—</i>	
Interest and Sinking Fund of 4 per Cent. Debt, including commission of $1\frac{1}{2}$ per cent. payable to Bank of Spain for above Service ..	102,390,300
Interest and Sinking Fund on Shares of Public Works ..	108,196
" " Highway Shares ..	62,120
Redemption of Personal Debt ...	50,000
Loss by Exchange on Remittance for Service of External Debt ...	6,000,000
Total ...	<u>278,765,815</u>

TREASURY DEBT.

Annuity for Quicksilver Loan	3,750,000
Maintenance of Floating Debt and Interest on sums deposited as guarantee by Holders of Public Offices, etc.	8,450,000
Total	12,200,000

CLOSED BUDGETS.

Debts not provided for by Legislature	600
---------------------------------------	-----	-----	-----

SUMMARY OF DEBT SERVICE.

Annual Service of State Debt	278,765,815
Ditto Treasury Debt	12,200,000
Closed Budgets	600
Total	290,966,415

The Floating Debt, on the 31st December, consisted of Treasury Bonds maturing at one year, and bearing interest at 5 per cent. per annum, issued on the 30th of June, 1893, and handed to the Bank of Spain in settlement of advances made as follows:—

	Pesetas.		Pesetas.
1885-6 ...	85,500,000	1891-2 ...	3,341,000
1886-7 ...	40,840,000	1892-3 ...	164,771,000
1888-9 ...	38,660,000		
			<u>333,112,000</u>

Of these Treasury Bonds the Bank at the close of the year held pesetas 257,105,000.

The following Table shows the amount of notes of the Bank of Spain in circulation at the commencement of each year, during the last twenty-one years :—

	Pesetas.		Pesetas.
1874 ...	67,468,675	1885 ...	468,989,275
1875 ...	90,869,750	1886 ...	526,581,575
1876 ...	102,561,725	1887 ...	612,067,050
1877 ...	95,525,400	1888 ...	719,736,775
1878 ...	92,621,550	1889 ...	735,489,100
1879 ...	84,786,300	1890 ...	734,129,550
1880 ...	91,702,750	1891 ...	738,635,975
1881 ...	130,834,575	1892 ...	814,284,375
1882 ...	199,411,350	1893 ...	893,751,300
1883 ...	270,353,825	1894 ...	927,654,450
1884 ...	383,276,250		

It will be seen that the circulation at the end of the above period represented more than thirteen and a-half times the amount outstanding in 1874.

The authorised note issue of the Bank of Spain was fixed in 1891 at 1,500 millions of pesetas, with the obligation of maintaining a metallic reserve equal to one-third of the total issue, one-half being in gold. The Charter of the Bank was also extended to 1921. In return for these privileges the Bank engaged to lend the Treasury the sum of 150 millions of pesetas without interest for thirty years, and this amount, therefore, appears among the assets of the Bank.

The metallic reserve of the Bank on the 30th of December, 1893, was as follows :—

	Pesetas.
Gold	197,942,937
Silver	174,678,095
	<u>372,621,032</u>
Total	

THE FOLLOWING TABLE IS TAKEN FROM THE "OFFICIAL GAZETTE," AND AFFORDS A COMPARISON OF THE VALUES OF THE PRINCIPAL ARTICLES OF IMPORT AND EXPORT OF SPAIN FOR THE YEARS 1891, 1892 AND 1893:—

EXPORTS.

IMPORTS.

Classification according to the Tariff.	1891.	1892.	1893.*	1891.	1892.	1893.*
	Pesetas.	Pesetas.	Pesetas.	Pesetas.	Pesetas.	Pesetas.
Glass, Earthenware, Minerals, etc.	81,549,953	76,454,474	71,034,295	79,168,275	78,351,741	78,959,269
Metals, crude and manufactured	35,301,537	30,146,773	23,146,307	135,063,913	137,975,672	102,323,554
Drugs and Chemicals	54,436,961	47,597,987	51,286,572	27,401,190	27,401,190	27,186,865
Cotton, raw and manufactured	101,620,440	98,992,830	86,045,476	28,019,894	40,233,239	48,671,497
Other Vegetable Fibre, raw or manu- factured	34,695,754	32,238,905	28,739,259	4,057,765	5,990,053	6,389,107
Wool, raw and manufactured	41,072,450	36,698,842	26,409,192	11,464,258	16,662,249	21,690,385
Silks, raw and manufactured	19,479,876	19,286,803	19,326,158	4,699,657	5,759,126	4,039,051
Paper of all kinds	10,744,232	9,071,037	10,891,382	9,090,385	11,227,060	9,191,869
Timber and Wooden Articles	52,550,704	54,215,026	46,153,406	35,077,530	32,305,605	29,764,215
Animals, live and dead, Hides, etc.	45,590,328	38,577,517	36,850,868	44,295,324	39,829,412	45,138,928
Machinery, Carriages, etc.	52,118,909	50,414,451	36,292,037	809,756	459,105	943,139
Articles of Food	183,319,513	163,500,437	178,544,795	431,768,381	263,013,251	249,800,462
Various	7,284,244	6,106,119	5,419,735	2,298,070	3,154,442	2,538,691
Special Importations (!)	154,068,602	88,402,396	64,685,464	.....	.....	.....
Totals	P. 873,833,503	751,723,597	684,824,976	803,815,328	663,022,145	626,631,032

(!) Railway Materials, Machinery for Agricultural Colonies, Raw and Manufactured Tobacco for the Monopoly Company, etc., and Gold and Silver Coined and in Bullion. * Subject to correction on final audit.

N.B.—The total of all Imports and Exports for 1891 and 1892 is given as:—

	Imports.	Exports.
1891	915,531,720	847,447,379
1892	794,945,645	706,506,000

The following Table shows the amounts of Customs Dues collected in 1891, 1892 and 1893 :—

Revenues.	1891.	1892.	1893.
	Pesetas.	Pesetas.	Pesetas.
Import Dues	94,712,752	97,726,290	127,090,613
Export Dues	854	541,157	1,205,160
Loading Dues	4,605,597	4,361,605	4,328,683
Unloading Dues... ..	3,597,967	3,307,837	3,590,159
Passenger Tax	224,732	218,858	237,524
Minor Dues	694,050	613,434	635,268
Quarantine, &c., Dues	51,812	305,830	492,930
Share of Fines, &c., due to Treasury	580,917	465,491	585,220
Tax on Dues paid in Pagarés ...	12,064	14,442	10,810
Dues on Material for Public Works	11,290,608	1,496,570	2,820,648
Sundries	1,262	12,008	1,322
Total	115,772,615	109,063,622	140,998,337

SHIPPING RETURNS.

The following Tables are compiled from the "Official Gazette":—

SHIPS ENTERED.

Description.	1892.		1893.	
	Spanish.	Foreign.	Spanish.	Foreign.
Laden—				
Steamers	4,749	3,898	5,194	5,975
Sailing Vessels...	1,513	1,340	1,304	935
In ballast—				
Steamers	1,176	3,476	954	811
Sailing Vessels...	596	594	588	438
Totals	8,034	9,308	8,040	8,159

SHIPS CLEARED.

Description.	1892.		1893.	
	Spanish.	Foreign.	Spanish.	Foreign.
Laden—				
Steamers	4,798	7,104	5,258	6,188
Sailing Vessels...	1,268	861	1,265	873
In ballast—				
Steamers	786	454	860	564
Sailing Vessels...	659	521	611	470
Totals ..	7,511	8,940	7,994	8,095

TURKEY.

EXCHANGE OF REGISTERED AGAINST CONVERTED
BONDS.

There is little difference to be noted under this head in the figures which were given last year, the total amount of Registered Bonds in circulation being £12,229⁸⁷⁶, as can be seen from the subjoined Table, as against £13,077¹²¹ of last year. The Council take this opportunity of again reminding the Holders of Registered Bonds that in order to obtain payment of their Coupons they must exchange their Registered Bonds against Converted Bonds bearing the corresponding Coupons, when those of the latter which have fallen due will be paid immediately.

REGISTERED BONDS ON THE 31st DECEMBER, 1893.

	Loan of	£
SERIES A.	{ 1858	900
	{ 1862	1,200
„ B.	{ 1860	100
	{ 1863-4	340
	{ 1872	260 ⁸⁷⁶
„ C.	{ 1865	640
	{ 1869	1,040
	{ 1873	100
„ D.	General Debt	7,640
Total in circulation ...		£12,229 ⁸⁷⁶

The position of the Ottoman Public Debt on 31st December, 1893, was as follows :—

Series.	Original Nominal Reduced Capital.	Inscribed on the Grand Livre.	Amount Redeemed.	Amount Out- standing.	Amount For- feited.
	£	£	£	£	£
A.	7,183,872	7,119,882	¹ 5,176,120	1,943,762	63,990
B.	10,241,048	10,044,825	² 1,190,500	8,854,325	196,223
C.	30,832,511	30,549,251	829,080	29,720,171	283,260
D.	43,968,396	43,651,965	752,500	42,899,465	316,431
Total	92,225,827	91,365,923	³ 7,948,200	83,417,723	859,904

¹ Of this Amount £5,109,820 was redeemed by the operation of the Ordinary, and £66,300 by that of the Extraordinary Sinking Fund.

² Of this Amount £596,400 was redeemed by the operation of the Ordinary, and £594,100 by that of the Extraordinary Sinking Fund.

³ Costing £2,623,346 os. 2d.

SUMMARY.

	£
Amount Outstanding	83,417,723
„ Redeemed	7,948,200
„ Forfeited	859,904
Total under the Decree ...	<u>£92,225,827</u>

The reduction of the Debt effected during the past twelve months amounted to about £1,332,000, as against £1,550,000 in the previous year. The rather slower action of the Sinking Fund is due to the considerable rise in price which is taking place in the values of Turkish Bonds of all descriptions. It should, however, be noted, as was stated last year, that the Capital amounts of the Debt sunk every year have very largely increased since the Conversion of the "Priority Loan" in May, 1890, owing to the action of the Extraordinary Sinking Fund which was then instituted. An account of this Fund is subjoined.

EXTRAORDINARY SINKING FUND.

Series.	Nominal amount Purchased.	Cost.	Average price per cent.
	£	£ s. d.	£
A.	66,300	31,291 5 6	47·20
B.	594,100	166,690 17 6	28·06
C.	829,080	169,952 9 3	20·50
D.	752,500	149,505 1 6	19·87
Total ...	2,241,980	517,439 13 9	22·63

ORDINARY SINKING FUND.

The purchases of "Series A" Bonds effected by the Council of Administration on account of the Ordinary Sinking Fund during the current financial year up to December 31st, 1893, amount to £385,000, at a cost of £215,915. 6s. 6d., the average price thus coming out at 56·08 per cent.

Adding the total thus redeemed to the amounts redeemed in previous years, and to those redeemed by the action of the Extraordinary Sinking Fund, it will be found that the total amount of "Series A" redeemed up to the end of December was £5,176,120, at a cost of £1,954,742. 16s. 2d., the average price for the twelve years being thus £37·76. The original amount of "Series A" having been £7,183,872, it will be seen that 72·05 per cent. of this Series has now been redeemed.

NETT RECEIPTS OF THE COUNCIL OF ADMINISTRATION
OF THE OTTOMAN PUBLIC DEBT.

Month.	Year 1892-1893. Nett Receipts.	Year 1893-1894. Nett Receipts.
	£T.	£T.
March	280,395 67	291,581 02
April	76,858 68	77,516 57
May	99,043 69	107,326 93
June... ..	332,081 29	322,650 71
July... ..	107,021 38	122,102 15
August	178,693 60	199,414 52
September	317,692 10	299,832 63
October	96,475 52	96,075 69
November	97,676 23	96,188 20
December	310,829 09	287,382 97
Total	1,896,767 25	1,900,071 39
January	61,425 99	
February	220,942 49	
Total	2,179,135 73	

The fact that in spite of many adverse conditions the Revenues have rather more than retained the exceptionally high level to which they had risen in 1892 is distinctly a subject for congratulation. This matter has been so fully dealt with in the General Report of the Corporation that it is not necessary to make any further remarks on the matter here.

TOBACCO RÉGIE.

The following Table shows the receipts of the Tobacco Régie during the first ten months of the current financial year as compared with the corresponding months of 1892.

Months.	1892 Receipts.	1893 Receipts.	Difference + or —.
	£T.	£T.	£T.
March	173,000	175,000	+ 2,000
April	167,000	180,000	+ 13,000
May	193,000	210,000	+ 17,000
June	201,000	214,000	+ 13,000
July	198,000	213,000	+ 15,000
August	200,000	198,000	— 2,000
September	182,000	190,000	+ 8,000
October	179,000	193,000	+ 14,000
November	170,000	186,000	+ 16,000
December	174,000	175,000	+ 1,000
Total.....	1,837,000	1,934,000	+ 97,000

It will be observed from the above Table that the prosperous condition of the Imperial Ottoman Tobacco Régie noticed last year has continued. The present state and future prospects of this institution have, at various times, both in Reports of this Council and in those of Mr. Vincent Caillard, been exhaustively examined, and there is nothing further to be added to what has been said in those Reports, copies of which the Corporation will be glad to supply to any Bondholder who may apply for them.

LOTTERY BONDS.

The account for the special redemption of the Lottery Bonds instituted in 1888 is as follows :—

STATEMENT OF "LOTS TURCS" PURCHASED FOR REDEMPTION TO THE 31ST DECEMBER, 1893.

Years.	"Lots Turcs" Purchased.		"Lots" Redeemed.	
	Number.	Cost.	Number.	Cost.
		£T.		£T.
1888-89	10,993	21,844'73	17	33'81
1889-90	11,228	33,828'52	39	89'77
1890-91	9,594	32,566'41	50	133'40
1891-92	10,133	30,913'90½	75	213'08
1892-93	3,600	13,109'52½	85	244'58½
1893	—	—	73	207'95
	45,548	132,263'09	339	922'59½
Less "Lots" Redeemed ...	339	922'59½		
Balance at date ...	45,209	131,340'50½		

PREMIUMS AND REDEMPTIONS.

Years.	"Lots" Redeemed.	
	Number.	Premiums.
		£T.
1888-89	17	137'67
1889-90	39	964'96
1890-91	50	451'65
1891-92	75	784'27
1892-93	85	775'46
1893	73	8,695'05
	339	11,809'06
Purchased to date 909 "Lots" ...		2,998'76
Balance available ...		£T8,810'30

SUMMARY.

"Lots" Purchased, with the amount assigned under the Decree	45,209
" " " " with Premiums	909
Total "Lots" Purchased	<u>46,118</u>

The details of the Scheme suggested by the Austro-Hungarian Syndicate to the Council of the Ottoman Public Debt, whereby the Lottery Bonds should share in the Annuity arising from the Conversion of the Priority Loan, were given in last year's Report.

Just at the moment of going to press the Council learn that that Scheme was submitted to a General Meeting of Bondholders at Rome on the 25th February, 1894, by the Chamber of Commerce and Arts of that city, who refused to accept the responsibility of acting for the Bondholders vested in them by the Decree of 8/20 December, 1881. The result proved that this formality might very safely have been dispensed with, for the proposal, already adhered to by the other Syndicates and adopted by the Council of Administration as long ago as March, 1893, was accepted at that meeting by the large majority of 35,139 to 20 votes.

It remains now to submit the proposed Settlement to the Imperial Government, and upon their approval, which it is hoped will shortly be obtained, this long-protracted and somewhat vexed question may be considered as finally settled.

UNPAID DRAWN BONDS.

The account of the Redemption of Unpaid Drawn Bonds of the 1863-4, 1865, and 1873 Loans is as follows:—

LOAN 1863-64, 1865, 1873.

Certificates issued (cash value)	£51,144'42
Bonds withdrawn up to February 13th, 1894	42,479'99
Bonds remaining in circulation	<u>£8,664'43</u>

On closing this account in March, 1895, the Annuity at present assigned to it would, in accordance with the Austro-Hungarian Scheme regarding the Lottery Bonds question, be assigned to Group IV. for the Redemption of Bonds of "Series D," and for increasing the amount of Drawings of Lottery Bonds without premiums.

URUGUAY.

Uruguayan Committee.

Rt. Hon. Sir Edward Thornton,
 G.C.B., *Chairman*.
 Rt. Hon. Sir John Lubbock,
 Bart., M.P., *Ex-officio*.
 L. J. Baker, Esq., J.P.
 W. H. Bishop, Esq.
 C. T. D. Crews, Esq.

W. R. Farquhar, Esq.
 L. Fitzwygram, Esq.
 R. Fleming, Esq.
 A. Henderson, Esq.
 G. Herring, Esq.

Secretary.
 Charles O'Leary, Esq.

In his Message to Congress at the opening of the Session on the 15th February, 1894, President Herrera reviews the financial situation during his term of office, then about to expire.

Alluding to the severe crisis, aggravated by several years of drought which followed a period of prosperity, he says that if no means had been taken to avert it the accumulated Deficits of the last four years would have amounted to \$18,000,000.

Although great efforts were made to meet this situation by economy in the administration as well as by the imposition of fresh taxes, it was found impossible to avoid appealing to the creditors, and this led to the Arrangement whereby the Bondholders consented to the permanent

reduction of their Interest to three and a-half per cent. and the Railway Companies to that of their guarantees by one-half of the original amount. The annual saving derived from this operation amounted to \$2,800,000.

That this was necessary is shown by the diminution exhibited in the Revenue, which for the last five years was:—

1889-90	...	...	...	\$19,435,242
1890-91	...	...	...	13,265,900
1891-92	...	...	...	12,912,791
1892-93	...	...	...	13,113,946
1893-94	...	...	...	13,754,862

The increase of taxation which accompanied the re-arrangement of the Debt caused some dissatisfaction, although care was taken only to tax articles of luxury, or at least not of primary necessity, and to impose a duty on articles previously free, but which it was thought should not escape contributing to the Revenue. The result was, that without any increase of Debt beyond what was involved in the unification of the External Debt—namely \$6,717,190, the equivalent of the arrears in its service and in that of the Railway guarantees—the accumulated Deficits of the past four years have been nearly extinguished.

The Accounts show that far from having exceeded the estimated Expenditure, the Government has been able to economise, and the results indicate a saving upon the estimates during the four years of no less than \$2,578,880.

Thus the Government have been able to surmount the difficulties to which they have been exposed, but these

were not the only dangers with which the Executive had to contend. There were numerous partisans both within and without the Legislature who kept ever present two great empiric formulas for the solution of the economic and financial crisis; viz.: indefinite suspension of the Debt service and the creation of a forced paper currency to replace the metallic currency withdrawn from circulation.

Now that the crisis is over, the President observes that it may be clearly seen what would have been the fatal consequence of a recourse to those two remedies, a thousand times worse than the evils which they were intended to cure.

The service of the Public Debt does not alone represent the fulfilment of a national engagement, and the maintenance of public credit, which is a permanent resource; it also represents so many millions of dollars of public and private wealth, which if destroyed, would decrease by a like amount the capital of the country.

The crisis has been surmounted without recourse to a forced currency, and if anything can recompense the nation for that period of suffering, it is the fact that a metallic basis for the currency has been preserved.

There are now indications of a return of prosperity. The increase in the public Revenue of approximately a million dollars, as well as of the traffic receipts of the Railways—the Central Railway showing an improvement of 75 per cent. over last year—is sufficient proof of this, and with a good season, such as there is every prospect of, the effects of the crisis under which the country has been labouring for four years will have passed away.

The subjoined official Tables show the total indebtedness of this Republic on the 14th January last.

PUBLIC DEBT OF THE REPUBLIC OF URUGUAY.

INTERNAL DEBT.		\$	\$
In circulation on 1st March, 1890 ...		8,637,740 ⁷⁵	
Issued up to the date of unification for Claims prior to 1890.			
Redeemable Debt	249,322 ⁵⁶		
Cuotas de Amortizacion	195,579 ⁴⁵		
Indemnities Debt	1,077,538 ⁸³		10,160,181 ⁸⁹
EXTERNAL DEBT.			
In circulation on 1st March, 1890 ...	70,068,540 ⁰⁰		
Issued Six per Cent. Loan of 1890			
£2,000,000	9,400,000 ⁰⁰		79,468,540 ⁰⁰
INTERNATIONAL DEBT.			
In circulation on 1st March, 1890 ...	...		2,277,725 ¹⁴
Total Debt on 1st March, 1890 ... ..	...		91,906,446 ¹⁸
<i>Increase</i> incurred in the consolidation of the External Debt and payment of the Railway Guarantees due to 31st December, 1891 (see Table No. I.)	11,957,740 ⁰⁰		
<i>Bonuses</i> granted under Law of 11th April, 1892, to Internal (see Table No. II.) Debt	653,846 ¹⁷		
<i>Guaranteed Debt.</i> —Law of 24th March, 1892, for the organisation of the Banco Hipotecario	4,000,000 ⁰⁰		16,611,586 ¹⁷
<i>Redeemed</i> from 1st March, 1890, to date (see Table No. III.)			108,518,032 ⁹⁰
Internal Debt	3,553,491 ⁵⁴		
External „	864,330 ⁰⁰		
International Debt	634,750 ⁰⁰		5,052,571 ⁵⁴
Amount of Public Debt on 15th Jan., 1894	...		103,570,604 ⁴⁴

SUMMARY.

	Outstanding March 1st, 1890	Outstanding Jan. 15th, 1894	Increase.	Decrease.
	\$	\$	\$	
Internal Debt	10,160,181 ⁵⁰	11,260,536 ²²	1,100,354 ⁶⁸	
External „	79,468,540 ⁰⁰	90,561,950 ⁰⁰	11,093,410 ⁰⁰	
International Debt ...	2,277,725 ¹⁴	1,642,975 ¹⁴	... ..	634,750 ⁰⁰
	91,906,446 ⁷³	103,465,461 ³⁶	12,193,764 ⁶⁸	634,750 ⁰⁰
Increase ...	11,559,014 ⁶⁸	... ..	634,750 ⁰⁰	... ..
	103,465,461 ⁸⁶	... ..	11,559,014 ⁶⁸	... ..

(Signed) MIGUEL V. MARTINEZ.

MONTEVIDEO, 15th January, 1894.

I.

EXTERNAL DEBT.

	\$	\$
In circulation on 1st March, 1890 ... ..	... ..	70,068,540 ⁰⁰
Six per Cent Loan issued 1890 ... ..	... ..	9,400,000 ⁰⁰
		79,468,540 ⁰⁰
Redeemed before the date of consolidation ... ..	... ..	864,330 ⁰⁰
		78,604,210 ⁰⁰
INCREASE.		
Bonuses	2,866,953 ⁰⁰	
Interest	3,744,090 ⁰⁰	
Commission	2,381,137 ⁰⁰	
	8,992,181 ⁰⁰	
By Guarantees due up to 31st December, 1891	2,943,531 ⁰⁰	
Surplus unapplied	22,027 ⁴¹	
		11,957,740 ⁰⁰
Total Amount of the Consolidated Debt of Uruguay...		90,561,950 ⁰⁰
Annual Service of Old External Debt		4,934,323 ²⁰
Annual Service of Consolidated Debt of Uruguay ...		3,169,668 ²⁵
Annual Saving		1,764,654 ⁰⁰
Service of Old Debt until its extinction		179,840,526 ²²
Service of Consolidated Debt until extinction, including £1,235,500 intended for the Western Railway not issued		129,238,374 ²⁵
Saved for the Nation		50,602,151 ⁰⁷

II.

INTERNAL DEBT.

In circulation 1st March, 1890	\$ 8,637,740 ⁷⁵	\$.
Issued as "Amortizable" "Cuotas de Amortizacion" and "Indemnity" for Claims prior to 1890	1,522,440 ⁸¹	10,160,181 ⁵⁹
Redeemed up to date of unification ... ..	...	2,914,027 ⁷⁶
Increase by Bonuses (Law of 11th April, 1892)	653,846 ¹⁷	7,246,153 ⁸³
Creation of Guarantee Debt	4,000,000 ⁰⁰	4,653,846 ¹⁷
Redeemed up to 15th January, 1894 ... ..	...	11,900,000 ⁰⁰
Internal Unified Debt	557,863 ⁷⁸	639,463 ⁷⁸
Guarantee Debt	81,600 ⁰⁰	
Total amount of Internal Debt on 15th January, 1894		11,260,536 ²²
Annual Service of Internal Debt before unification, including that of "Cuotas de Amortizacion" up to the amount fixed by Decree of 19th September, 1892...		702,386 ³³
Annual Service of Internal Unified Debt		395,000 ⁰⁰
Annual Saving		307,386 ³³
Service of Guarantee Debt		200,000 ⁰⁰
Saving		107,386 ³³

III.

**AMORTIZATION EFFECTED AND INTEREST PAID FROM 1ST MARCH
1890, TO 15TH JANUARY, 1894.**

	Nominal Amount Redeemed.	Cash Employed.		
		Amortization.	Interest.	Total.
INTERNAL.				
	\$	\$	\$	\$
Redeemable Debt	2,073,364.54	613,432.20	..	613,432.20
Uruguay Central Railway Debt ..	62,500.00	62,500.00	55,970.00	118,470.00
Railway to Santa Rosa ..	150,000.00	83,540.50	121,083.33	204,623.33
Railway to Higuerita ..	18,000.00	18,000.00	47,880.00	65,880.00
Cuotas de Amortizacion ..	508,463.22	152,040.63	..	152,040.63
Indemnities ..	101,700.00	32,322.34	82,257.08	114,579.42
Internal Unified ..	557,863.78	168,873.58	618,229.44	787,103.02
Guarantees ..	81,600.00	81,600.00	318,400.00	400,000.00
EXTERNAL.				
	3,553,491.54	1,212,309.25	1,243,819.85	2,456,129.10
Unified Loan	545,670.00	545,670.00	3,769,217.87	4,314,887.87
Six per Cent. Loan of 1888 ..	224,660.00	224,660.00	1,166,551.60	1,393,211.60
Ditto ditto 1890 ..	94,000.00	94,000.00	564,000.00	658,000.00
INTERNATIONAL.				
Italian Debt	199,550.00	191,978.83	119,353.75	311,332.58
French	400,000.00	400,000.00	186,553.37	586,553.37
Spanish	35,200.00	35,200.00	48,243.68	83,443.68
Grand Total	5,052,571.54	2,703,818.08	7,099,740.12	9,803,558.20
UNIFIED DEBT OF URUGUAY AND RAILWAY GUARANTEES.				
Paid for service from 1st January, 1892, to date, out of the 45 % of the Customs Revenue		8,042,836.00		
To be paid from the 16th to 31st January, for the local service of the 8th quarter		135,712.50		
				8,178,548.50
				17,982,106.70

According to the *Montevideo Times* an application was made to the Government by the Banco Popular of Brazil for the settlement of the Brazilian Loan. Negotiations were entered into with the result that the following Arrangement was presented by the Finance Committee of

Representatives to the Chambers as being equitable to both parties:—

The Banco de la Republica accepts in payment of its credit, after deducting the value of the sums already deposited on account, International Public Bonds to be delivered at par. These Bonds shall enjoy an annual service of 5 per cent. Interest and 1 per cent. Amortization by tender (*a la puja*), the said service to commence from July 1st, 1894. The claim of the Banco de la Republica shall be liquidated, with Interest, in gold, until the day of delivery of the aforesaid Bonds, taking as basis the rate of 14,586 reis per pound sterling, at which the National Bank received the Loan. But the total amount of the said Debt, whatever the result of the said liquidation, shall in no case exceed \$3,500,000. The new Debt shall be emitted and delivered through the Brazilian legation, as soon as possible after legislative sanction has been obtained. The advantages of this Arrangement are: that the State is relieved from the immediate payment of a pressing outstanding obligation: that the annual Interest of the Debt is reduced from 9 per cent. to 5 per cent.; that the Interest between the time of sanctioning the Debt and July 1st, 1894, will be saved; and that there will be thus set free the securities of the National Bank held in pledge by the lenders, thus permitting the liquidation of the Bank to proceed.

The subjoined Table shows the amounts produced by the 45 per cent. of the Customs. It also affords a comparison of the sums received by Messrs. Glyn, Mills & Co. for the service of the Debt during 1893 with those of 1892. A reference to the Table shows an increase of £14,970. os. 7d. during 1893.

In May last the Council were informed by the London and River Plate Bank at Montevideo, the Agents of the Bondholders, that it had been decided that the retention of funds necessary for the local service of the Debt should in future be effected during the last month only of the quarter. The Bank accordingly remits to London the whole of the 45 per cent. of the Customs received during the first two months of each quarter.

Dates of Fortnightly Remittances, 1893.	Proceeds of Customs paid to the Agents in Montevideo.	Amounts retained from 45 per cent. for Local Service of Debt in Montevideo.	Rate of Exchange.	Remittances made to Messrs. Glyn, Mills & Co. for Service of Debt in London.		1892. Amounts received by Messrs. Glyn, Mills & Co. for Service of Debt in London.	Increase.		Decrease.
				In Dollars.	In Sterling.		£	s. d.	
January, 1st Fortnight..	\$ 107,542	Nil	d. 51	\$ 107,542 (a) 107,542	£ (c) 44,943 15 0	£ 27,998 19 5	16,944	15 7	..
" 2nd do. ..	330,907	230,907 (b)	Nil	Nil	Nil	31,640 13 4	..	..	31,640 13 4
February, 1st do. ..	142,198	17,500	51 1/2	124,698	26,738 3 4	29,589 12 11	..	..	3,841 13 7
" 2nd do. ..	167,097	17,500	51 1/2	149,597	31,867 4 6	39,485 2 1	..	..	7,617 17 7
March, 1st do. ..	167,247	17,500	50 1/2	149,747	38,574 10 3	27,507 10 1	3,941	14 0	..
" 2nd do. ..	154,406	17,500	50 1/2	133,906	28,188 15 3	44,905 10 1	..	..	14,716 14 10
April, 1st do. ..	227,364	23,772	50 1/2	103,592	21,422 10 0	..	..	..	..
" 2nd do. ..	189,321	106,161 (b)	50 1/2	107,943 (a) 107,943	£ (c) 22,769 3 8	33,188 7 0	37,844	9 3	..
May, 1st do. ..	157,017	Nil	50 1/2	157,017	£ (c) 26,801 2 7	40,064 8 7	..	..	22,586 5 5
" 2nd do. ..	179,186	Nil	50 1/2	179,186	17,478 3 2	36,010 12 5	..	..	2,851 12 4
June, 1st do. ..	147,754	Nil	50 1/2	147,754	33,105 5 1	34,354 8 2	1,876	7 7	..
" 2nd do. ..	150,031	Nil	50 1/2	150,031	31,090 0 3	35,298 3 7	..	..	1,208 3 4
July, 1st do. ..	147,141	Nil	50 1/2	147,141	£ (c) 39,124 11 8	26,004 7 5	5,426	9 9	..
" 2nd do. ..	144,038	137,024	50 1/2	7,014	1,472 4 4	24,625 9 6	14,499	2 2	..
August, 1st do. ..	140,080	Nil	50 1/2	140,080	20,402 3 3	20,181 17 5	6,285	6 11	18,709 13 1
" 2nd do. ..	164,071	Nil	50 1/2	164,071	34,437 17 6	23,116 16 4	..	..	..
September, 1st do. ..	168,601	Nil	50 1/2	168,601	35,464 5 4	26,698 14 1	7,739	3 5	..
" 2nd do. ..	206,639	Nil	50 1/2	206,639	£ (c) 35,372 13 4	34,858 8 1	2,658	17 3	..
October, 1st do. ..	161,435	Nil	50 1/2	161,435	£ (c) 59,951 4 11	43,718 12 2	..	..	345 18 10
" 2nd do. ..	171,743	129,133	50 1/2	42,110	8,838 16 6	13,000 0 0	39,951	4 11	..
November, 1st do. ..	141,091	Nil	50 1/2	141,091	£ (c) 16,433	29,221 3 11	..	..	20,382 7 5
" 2nd do. ..	134,432	Nil	50 1/2	134,432	26,014 8 4	26,119 18 10	3,494	9 6	..
December, 1st do. ..	134,865	Nil	50 1/2	134,865	28,280 13 4	27,411 11 10	875	11 6	..
" 2nd do. ..	163,099	Nil	50 1/2	163,099	24,448 0 2	24,498 2 0	3,949	18 2	..
Totals ..	..	..	..	..	..	42,020 3 11	145,487	10 0	7,616 10 6
Totals ..	..	..	..	..	..	..	139,577	9 5	..

NOTES.—(a) Means extra Remittances derived from Local Service Accounts and other Sources. (b) Includes repayments to (a).
(c) Cable Remittances.

The following particulars of the Budget for 1893-4, are taken from the *Siglo* :—

EXPENDITURE.

Legislative Power	...	...	...	...	\$505,490
Presidency	...	...	...	...	62,045
Foreign Affairs	...	...	...	...	117,407
Government	...	...	...	...	2,213,694
Finance	...	...	...	...	832,026
Fomento	...	...	...	...	953,346
War	...	...	...	...	1,730,507
Public Debt	...	...	...	...	4,817,569
Railway Guarantees (Maximum)	...	...	...	...	904,166
Various Credits	...	...	...	...	203,336
Pension Lists	...	...	...	...	1,308,339
Total	...	...	...	...	<u>\$13,647,925</u>

The Revenue for 1892 was as follows :—

Property Tax	..	...	...	...	...	\$1,710,000
Patents	...	...	...	...	...	840,706
Taxes upon	Alcohol,	Factories,	Beer	and		
Matches	...	...	...	...	...	389,000
Stamps	...	...	...	...	...	533,000
Customs	...	...	...	...	...	8,578,222
Total	...	...	...	...	...	<u>\$13,050,928</u>

It is anticipated that the Revenue for 1893-4 will exceed this amount. The Customs receipts show an improvement, and the new Taxes, such as Legacy Duty, Matches, Stamps, and others of less importance will, it is expected, be the means of increasing the Revenue. The profit arising from the new silver coinage is estimated at \$700,000.

THE FOLLOWING TABLE SHOWS THE CUSTOMS RECEIPTS FROM IMPORTS AND EXPORTS
FOR 1893, COMPARED WITH THE TOTAL RETURNS FOR 1892.

1893.				Totals, 1892.	Increase.	Decrease.
Month.	Import Duties.	Export Duties.	Totals.			
January ...	\$ 619,015.67	\$ 150,092.19	\$ 769,107.86	\$ 708,055.00	\$ 61,052.86	\$...
February ...	649,655.70	95,537.54	745,193.24	775,837.00	...	30,643.76
March ...	710,693.83	112,126.73	822,820.56	893,982.00	...	71,161.44
April ...	740,047.16	134,444.88	874,492.04	871,162.00	3,330.04	...
May ...	611,974.83	122,163.75	734,138.58	772,713.00	...	...
June ...	540,654.52	131,550.37	672,204.89	624,712.00	47,492.89	38,574.42
July ...	544,083.17	93,835.41	637,918.58	577,753.00	60,165.58	...
August ...	699,410.50	81,396.01	780,806.51	682,254.00	108,552.51	...
September ...	729,536.77	71,947.69	801,484.46	717,221.00	84,263.46	...
October...	692,810.41	68,818.07	761,628.48	691,034.00	70,594.48	...
November ...	586,004.05	64,247.90	650,251.95	636,515.00	13,736.95	...
December (approximately)	610,000.00	90,000.00	700,000.00	659,060.00	40,940.00	...
	7,733,886.61	1,216,160.54	8,950,047.15	8,610,298.00	490,128.77	140,379.62
				Gross Increase	...	\$490,128.77
				Gross Decrease	...	140,379.62
				Net Increase	...	\$349,749.15

NATURE AND VALUE OF IMPORTS DURING 1890, 1891, 1892
AND 1893.

Articles.	1890.	1891.	1892.	1893.
Wines and Liquors	\$4,403,000	\$2,998,361	\$2,632,988	Details not yet received.
Food Products ...	6,698,000	4,317,318	4,245,150	
Tobacco and Cigars	589,000	273,131	330,601	
Dress Goods and other Fabrics ...	3,769,000	2,561,557	3,113,255	
Ready-made Clothing ...	1,534,000	1,007,733	1,136,368	
Machinery and Industrial Materials	9,436,000	4,516,257	4,396,940	
Miscellaneous ...	5,935,627	2,539,575	2,375,424	
Live Stock	764,488	173,570	
Total ...	\$32,364,627	\$18,978,420	\$18,404,296	\$19,671,640

NATURE AND VALUE OF EXPORTS DURING 1890, 1891, 1892
AND 1893.

Articles.	1890.	1891.	1892.	1893.
Animals on Foot..	\$544,000	\$1,510,084	\$1,114,926	Details not yet received.
Fresh and Preserved Meats ...	26,030,000	24,805,503	24,337,741	
Farm Products ...	1,439,000	158,131	136,752	
Miscellaneous Products ...	1,026,000	391,212	246,778	
Provisions for Vessels ...	46,000	133,341	115,946	
Total ...	\$29,085,000	\$26,998,269	\$25,951,819	\$27,681,372

IMPORTS BY CUSTOM HOUSES.

Table showing the Imports by Custom Houses from 1888 to 1892 :—

Custom Houses.	1888.	1889.	1890.	1891.	1892.
	\$	\$	\$	\$	\$
Montevideo ...	26,196,344	33,476,433	28,682,773	17,012,551	17,231,102
Paysandu ...	1,691,274	1,085,090	965,102	541,079	244,913
Independencia ...	156,083	240,547	235,738	202,951	203,076
Salto ...	312,772	539,853	793,353	512,908	260,836
Cerro Largo ...	98,315	113,156	246,920	157,082	96,011
Colonia ...	191,247	265,703	473,482	259,529	113,122
Mercedes ...	64,417	100,950	92,714	80,849	73,223
Rivera ...	12,135	12,393	11,592	25,229	36,355
La Paloma ...	18,340	55,739	86,348	33,698	32,732
Maldonado ...	8,666	3,227	3,926	876	2,393
Santa Rosa ...	727,855	960,772	802,679	151,668	110,533
	29,477,448	36,853,863	32,394,627	18,978,420	18,404,296

EXPORTS BY CUSTOM HOUSES.

Table showing the Exports by Custom Houses from 1888 to 1892 :—

Custom Houses.	1888.	1889.	1890.	1891.	1892.
	\$	\$	\$	\$	\$
Montevideo ...	19,188,427	17,415,686	16,607,778	16,574,083	16,572,908
Paysandu ...	3,212,365	1,805,529	2,328,650	1,869,058	2,405,613
Independencia ...	2,676,821	2,561,842	3,640,269	4,070,923	3,127,666
Salto ...	612,987	1,397,446	2,866,882	1,756,645	1,332,706
Cerro Largo ...	607,118	304,214	482,651	1,132,655	641,737
Colonia ...	907,163	1,525,097	1,879,208	428,796	532,780
Mercedes ...	526,872	680,578	961,513	574,709	861,094
Rivera ...	216,453	124,052	65,667	152,982	125,999
La Paloma ...	24,588	38,275	40,942	164,673	54,094
Maldonado ...	...	22,173	98,916	...	192
Santa Rosa ...	35,460	79,215	113,043	273,746	297,030
	28,008,254	25,954,107	29,085,519	26,998,270	25,951,819

VENEZUELA.

External Debt of 1881 outstanding on the

1st March, 1894	...	...	...	...	£2,656,900
Coupons Nos. 24 and 25 in arrear	...	...	...	...	£79,779

Venezuelan Committee.

Right Hon. Sir John Lubbock,
Bart., M.P., *Chairman*.
M. Castello, Esq.
Roger Eykyn, Esq.
W. Cuthbert Quilter, Esq., M.P.
F. P. Obicini, Esq.

General Sir Luther Vaughan,
K.C.B.
E. Wright, Esq.

Secretary.
Charles O'Leary, Esq.

Trustee for the Deposit of Old Securities at
the Bank of England.

Lionel N. Bonar, Esq.

Payments on account of the service of the External Debt, which had been in suspense since June, 1892, in consequence of the Revolution in the Republic, were resumed by the Government in June, 1893, leaving eleven months in arrear. The following letter announcing the resumption of the remittances was received by the Council from the Minister of Public Credit:—

[*Translation.*]

MINISTRY OF PUBLIC CREDIT,
CARÁCAS, *June 3rd*, 1893.

Sir JOHN LUBBOCK, Chairman of the Council
of Foreign Bondholders, London.

I have the honour to inform you that the sum of Bols. 177,933.58 cts. for the service of the External Debt of Venezuela has been to-day sent to Messrs. Boulton & Co., Agents of the Council in that City, and that an equal sum will in future be delivered monthly to them, in conformity with the engagements entered into by the Nation in the Fiscal Convention of 1880.

With regard to the eleven monthly instalments of Bols. 177,933.58 cts. each, which, in consequence of the war and the urgent necessity of reorganising the finances, were not sent to your Council since July 1st of last year, and which the Nation still owes, the Government is now engaged in taking the necessary measures to make this payment as soon as possible, as befits the credit and dignity of the Country.

The Chief of the National Executive is animated with the strongest desire to re-establish the credit of the Republic, and I have much pleasure in informing you thereof, and in requesting you to communicate the same to the Foreign Creditors.

I am, etc.,

(Signed) EZEQUIEL GOUDELLES AYALA.

The remittances have since then been regularly continued, and the 26th Coupon was duly paid on February 15th last.

As regards the Arrear Coupons. (Nos. 24 and 25) due February and August, 1893, the Council were pleased to be able to announce on February 17th last that they had received advices from Messrs. H. L. Boulton & Co., the Agents of the Bondholders at Carácas, that the Government would increase the monthly remittances paid for the service of the Consolidated Debt from Bolivares 177,933 to Bolivares 200,000, the difference between the two sums (which is equal to about £875) being applicable to the redemption of the Arrear Coupons. In communicating the foregoing to Messrs. Boulton & Co., the Minister of Finance intimated that after July next he hoped to be able to increase the amount of the remittances for this special purpose.

Payment for the month of February at the increased rate has been duly received, and the Council have every reason to hope that the Government will see their way to make a substantial increase in the Special Fund to be applied to the redemption of the Arrear Coupons.

As the time for the payment of the Coupon which

matured on February 15th last drew near, it was represented to the Council by the Stock Exchange Committee and others interested in Venezuelan Securities that it would greatly facilitate dealings in the Bonds, if the Coupons Nos. 24 and 25 in arrear could be detached at the time Coupon No. 26 was paid. The Council therefore resolved to call in the two Arrear Coupons and issue Certificates against them, and the following Notice was issued to Bondholders on the 17th of February:—

CONSOLIDATED DEBT OF THE UNITED STATES OF
VENEZUELA, 1881.

The Council of Foreign Bondholders, with reference to the notice which has already appeared in the Press regarding the two Coupons (Nos. 24 and 25) in arrear on the External Debt of Venezuela, beg to inform Bondholders that they have this day received a letter from Messrs. H. L. Boulton & Co., their Agents in Carácas, that from the first day of the present month of February the Government will increase the monthly remittances paid for the service of the Consolidated Debt from B.177,933 to B.200,000, the difference between the two sums, which is equivalent to about £875, being applicable to the redemption of the above-mentioned Arrear Coupons. In communicating the foregoing to Messrs. Boulton, the Minister of Finance intimated that after July next he hoped to be able to increase the amount of the remittance for this special purpose.

In order to participate in the application of the Funds, Bondholders are advised to send in the two Arrear Coupons forthwith to the Council of Foreign Bondholders, for the issue of corresponding Certificates in the terms of the advertisement, which appeared in the Press on the 14th inst.

The Council believe that this method of procedure will be a convenience both to the Bondholders and the Government, and they hope before long to be in a position to commence the redemption of the Certificates issued. Meantime, Bondholders who have not yet lodged their Coupons (Nos. 24 and 25) with the Council are advised to do so without delay.

In the latter part of last year, Señor Antonio Delfino was commissioned by the Government to confer with the Council, as representing the Holders of Venezuelan External Bonds, with a view to the unification of the External and Internal Debts, the payment of the arrears of Interest to the External Bondholders, the Guarantees to the Railways and other Companies, and the settlement of other Claims.

Whilst they were desirous of meeting the wishes of the Government, especially in view of the honourable conduct pursued by Venezuela in promptly resuming the service of the Debt immediately after the pacification of the country by General Crespo, the Council were of opinion that the Government proposals submitted by Señor Delfino were in many ways unacceptable, and that it was therefore necessary to proceed with caution in the matter. Whilst negotiations were in progress, however, Señor Delfino was recalled to Carácas, and the Council understand that, for the present at any rate, the Unification Scheme in its new form has been abandoned by the Government. The Council gladly record their appreciation of the courtesy and ability displayed by Señor Delfino in his dealings with them. At the same time they are of opinion that the discontinuance of the Scheme would not be a disadvantage to the External Bondholders, if the Government can be induced to increase the Interest on the External Debt to 4 per cent., as originally stipulated under the terms of the Debt Settlement of 1880.

Statistics as to the financial condition of Venezuela are very difficult to obtain, in consequence of the recent Revolution. Reliable unofficial reports represent the

Country as prosperous, as is shown in the following communication which appeared in the *Times* of September 7th, 1893, from a Venezuelan gentleman of high local standing :—

Peace is not the only consequence of the satisfactory state of politics, the improving condition of Venezuela being also attributable thereto. No other American State has the advantages possessed by Venezuela and can show equal results. The production of coffee and cocoa results in a yearly export value of more than 100 millions of francs, and the crop of this year, already assured, will return to the country all the losses of the war of 1892. The absence of the cancer of paper money and of the silver difficulty, and the permanency of its exchange at par, form solid and sure guarantees of prosperity. The national Revenues for the last six months have exceeded 30 millions of bolivars (francs), which means that the current yearly Estimate of Public Expenditure will be fully covered, a substantial surplus remaining. Until recent years the mercantile affairs of Venezuela were conducted principally with England, France and Germany. This movement has, however, changed somewhat, the two last-named Nations having increased their Commerce, whilst the first has suffered diminution therein. At the same time, new operations with the United States of North America and with Spain have been commenced. The principal cause of this change has been the condition of political relations with Great Britain, induced mainly by the pending Frontier Question.

It is unfortunate that the Boundary Question still remains unsettled.

The British Consul at Carácas, in his last Report to the Foreign Office, states that no Statistical Accounts were published by the Government of Venezuela for the year 1892, and he was therefore able only to transmit Reports obtained from the Vice-Consuls at the Ports of La Guaira, Puerto Cabello, Ciudad Bolivar, and Maracaibo, from which the Council have extracted the annexed information :—

LA GUAIRA.
I.—RETURN OF EXPORTS FROM THE PORT OF LA GUAIRA DURING THE YEAR 1892,
AS COMPARED WITH 1891.

ARTICLES	ENGLAND.		GERMANY.		FRANCE.		UNITED STATES.		OTHER PORTS.		TOTAL IN 1892.		TOTAL IN 1891.	
	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.
	Kilos.	£	Kilos.	£	Kilos.	£	Kilos.	£	Kilos.	£	Kilos.	£	Kilos.	£
COFFEE ..	5,800	348	1,241,000	74,460	6,901,500	414,090	3,001,000	180,060	1,481,500	88,890	12,630,800	757,848	12,732,703	817,069
COCOA ..	28,000	1,960	126,000	8,820	3,018,000	211,260	237,000	16,590	1,091,500	76,405	4,500,500	315,035	3,633,076	224,925
HIDES ..	..	..	22,000	880	12,000	480	270,500	10,820	..	..	304,500	12,180	35,467	18,330
SKINS ..	..	..	..	..	..	..	39,300	1,542	..	..	39,300	1,542	50,804	3,464
SUNDRIES ..	..	..	4,300	100	8,800	440	20,000	820	4,300	20	37,600	1,380	143,926	26,651
TOTAL	33,800	2,308	1,393,000	84,260	9,940,300	626,270	3,568,800	209,832	2,577,300	165,315	17,512,700	1,087,985	16,915,978	1,090,439

COMPARISON.

Total, 1891	..	..	..	..	..	..	..	..	..	..	£1,090,439
" 1892	..	..	..	..	..	..	..	..	..	..	1,087,985
											<u>Decrease in 1892</u>
											<u>£2,454</u>

II.—IMPORTS TO LA GUAIRA DURING THE YEAR 1892.

The British Vice-Consul at this port states that he has been unable to procure any reliable data for the year 1892.

III.—RETURN OF EXPORTS FROM THE PORT OF PUERTO CABELLO DURING THE YEAR 1892, AS COMPARED WITH 1891.

Country.	Coffee.	Cocoa.	Hides.	Goat Skins.	Deer Skins.	Dividivi	Copper.	Wood.	Horns.	Sugar.	Cotton Articles.	1892. £ s. d.	1891. £ s. d.
England ..	..	..	..	..	..	..	26,805,000	..	..	..	..	134,526 2 0	184,468 12 6
Germany ..	3,590,683	15,757	16,296	96	355	21,500	..	9,200	14,123	..	4,627	248,651 13 7	372,132 2 11
France ..	4,480,172	287,564	590	..	273	..	..	..	..	..	..	315,797 11 8	356,515 18 6
United States of America ..	3,260,765	920	194,185	29,916	4,852	..	..	..	..	..	..	227,719 2 7	419,029 4 6
West Indies ..	12,149	..	..	2,126	..	..	..	..	..	62,608	..	4,634 12 3	2,337 6 11
Spain ..	..	..	..	..	..	..	..	..	..	..	..	..	44,624 6 3
Total..	11,443,769	304,241	211,971	32,138	5,480	21,500	26,805,000	9,200	14,123	62,608	4,627	931,329 2 1	1,379,107 11 7

COMPARISON.

Total in 1891	..	..	..	..	..	..	..	..	..	..	..	£1,379,107 11 7
" 1892	..	..	..	..	..	..	..	..	..	..	..	931,329 2 1
Decrease in 1892	..	..	..	..	..	..	..	..	..	..	..	£447,778 9 6

IV.—RETURN OF IMPORTS TO PUERTO CABELLO DURING
THE YEAR 1892 AS COMPARED WITH 1891.

Country.	Value.					
	1892.			1891.		
	£	s.	d.	£	s.	d.
England	68,763	17	7	271,257	17	3
Germany	132,124	6	4	335,222	19	6
France	70,498	8	4	136,216	9	0
Spain	14,653	9	4	45,402	15	1
Holland	7,524	15	0	53,634	7	9
United States of America ...	136,909	10	11	289,591	11	5
West Indies	5,681	3	9	3,994	18	7
Belgium	772	5	6	...	...	...
Italy	491	1	9	...	...	...
United States of Colombia ...	...	...	...	539	16	0
Total	£437,418	18	6	£1,135,860	14	7

COMPARISON.

Total in 1891	£1,135,860	14	7
„ 1892	437,418	18	6
Decrease in 1892	£698,441	16	1

CIUDAD BOLIVAR.

V.—RETURN OF EXPORTS FROM THE PORT OF CIUDAD
BOLIVAR DURING THE YEAR 1892, AS COMPARED
WITH 1891.

Articles.		Quantity.	Value. in 1892.	Value in 1891.
Asses	Number	135	£ 219	£ 409
Balsam Copaiba ...	Lbs.	25,106	1,539	4,072
Cattle, Live	Number	8,000	32,806	44,322
Cheese	Lbs.	1,116	21	184
Cocoa... ..	"	62,968	1,574	385
Coffee... ..	"	372,474	13,779	36,589
Deer Skins	Number	51,352	4,576	6,914
Feathers	Lbs.	2,022	21,940	11,046
Goat Skins	Number	6,356	425	676
Gold, in Bars	Troy oz.	46,560	170,469	188,352
Gold Coin	"	...	1,600	13,848
Hides... ..	Number	73,973	27,478	41,883
Horses and Mules ...	"	51	492	875
Indigo	Lbs.	30	2	...
Simaruba	"	4,566	58	42
Tiger Skins	"	188	15	...
Tobacco	"	194,748	3,478	10,427
Tonga Beans.. ..	"	89,050	18,692	8,260
Other Articles	"	27,298	1,584	7,041
Total ... ..	...	...	£300,747	£375,325

COMPARISON.

Total in 1891	£375,325
„ 1892	300,747
Decrease in 1892	<u>£74,578</u>

VI.—RETURN OF IMPORTS TO CIUDAD BOLIVAR, AND CUSTOM HOUSE DUTIES LEVIED DURING THE YEAR 1892.

Country.	Value of Imports.	Duties Paid.
	Bolivars.	Bolivars c.
Trinidad, British West Indies ...	2,078,902	841,563 88
Great Britain	75,860	32,134 23
France	110,031	51,030 50
Germany	507,860	245,803 22
United States	946,903	381,838 92
12½ per cent. Transit Duty ...	...	194,046 34
Total	3,728,556	1,746,417 09
Equivalent in Sterling ...	£149,142	£69,856

VII.—TABLE SHOWING COMPARATIVE VALUES OF EXPORTS DURING THE YEARS 1884, 1886, 1888, 1890, 1892.

	1884.	1886.	1888.	1890.	1892.
	Bols.	Bols.	Bols.	Bols.	Bols.
Value of Produce, &c. (Gold Bull'n excepted)	4,359,311.00	4,506,367.00	4,698,431	3,532,710	3,256,907
Value of Gold Bullion	20,804,637 88	18,518,015.68	1,963,172	8,125,445	4,261,757
Total	25,163,948.88	23,024,382.68	6,661,603	11,658,155	7,518,664
Equal in Sterling ..	£1,006,538	£920,975 5s.	£266,464 2s. 6d.	£466,326	£300,747

VIII.—COMPARATIVE TABLE OF IMPORTS AND CUSTOM HOUSE DUTIES FOR THE YEARS 1884-1892.

Year.	Value of Imports.		Duties Paid.	
	Currency.	Sterling.	Currency.	Sterling.
	Bols.	£ s. d.	Bols.	£ s. d.
1884	11,761,258.40	470,450 0 0	4,143,493.77	165,739 15 6
1885	9,431,296.02	376,531 17 6	3,977,672.50	159,068 18 6
1886	7,460,243.89	298,410 0 0	2,786,515.66	112,160 12 6
1887	6,803,000.00	272,120 0 0	2,517,295.00	100,691 16 0
1888	6,842,833.00	273,713 0 0	2,694,365.00	107,744 0 0
1889	6,918,433.31	276,737 0 0	2,927,234.13	117,089 0 0
1892	3,728,566.00	149,142 0 0	1,746,417.09	69,856 0 0

NOTE.—No reliable Statistics were obtainable for 1890 and 1891 of Imports and Custom House Duties.

Compared with 1884, the falling-off in the value of Imports amounts to fully £280,000, or equal to nearly 70 per cent.

The Exports, compared with 1884, show a decrease of about £680,000, or also nearly 70 per cent. The Vice-Consul at Ciudad Bolivar states that the small production of Gold in the Yuruari District is no doubt principally accountable for these striking reductions, and he supplements this opinion with the following Table :—

IX.—Table showing Yield of Gold from the Yuruari District for the years 1885—1892.

Year.						Amount. Ozs.
1885	...	...	...	...	...	172,037·85
1886	...	...	...	...	...	217,135·07
1887	...	...	...	...	...	95,352
1888	...	...	...	...	...	71,594
1889	...	...	...	...	...	88,834
1890	..	...	...	...	...	85,531
1891	...	...	...	...	...	49,050
1892	...	...	...	...	...	46,560

The Vice-Consul adds that the 30 per cent. additional Custom House Duty levied on Imports to Ciudad Bolivar from the West Indies, which was suspended for some months, has been re-imposed.

MARACAIBO.

EXPORTS.

X.—The Vice-Consul at Maracaibo reports that :—

Notwithstanding the very unfavourable political situation of this country during the greater part of 1892, the Exports of Coffee from Maracaibo reached the number of 365,186 bags, with 21,514,647 kilos., or 21,514 tons. This is the largest number of tons ever exported from this Port, and shows how steadily the business is increasing. On calculating the value of coffee at an average of 20 bolivars 50 c. per 100 lbs., or about £3. 5s. the 100 lbs., this single article represents a value of £1,520,000 more or less first cost, and about £1,700,000 value cost on board ship.

The following Table shows the Export of Cocoa from this Port during 1892 as compared with 1891:—

EXPORTS.

Year.					Quantity.	
					Bags.	Kilos.
1892	...	...	...	...	1,340	59,263
1891	...	...	...	...	657	33,263

GENERAL PRODUCE EXPORTED FROM MARACAIBO DURING THE
YEAR 1892.

Date.	Coffee.		Cocoa.		Peruvian Bark.		Hides.		Goatskins.	
	Bags.	Kilos.	Bags.	Kilos.	Bags.	Kls.	Pieces.	Kilos.	Bales.	Kilos.
Jan. 11-29	19,548	1,138,496	66	2,719	..	..	190	2,489	17	1,492
Feb. 2-27	58,819	3,417,366	32	1,567	..	..	2,110	26,001	124	13,667
Mar. 1-31	25,566	1,516,412	..	..	..	..	..	..	12	1,411
Apr. 3-28	22,162	1,364,727	54	2,668	..	..	226	2,622	74	6,587
May 1-25	21,452	1,248,264	234	10,540	65	2,790	2,636	33,010	47	4,322
June 3-24	25,407	1,508,376	104	4,739	..	..	504	5,982	80	7,392
July 4-30	23,674	1,395,742	307	15,706	..	..	206	2,075	76	6,637
August ..	35,939	2,114,858	..	..	..	..	376	3,851	48	4,155
Sept. 2-24	40,551	2,391,520	423	18,810	..	..	752	9,942	73	6,125
Oct. 1-31	30,771	1,831,329	..	..	..	..	2,127	26,000	37	3,079
Nov. 3-30	27,464	1,617,598	..	..	19	865	1,078	20,816	75	6,414
Dec. 6-29	33,633	1,971,459	60	2,514	2	92	2,027	25,024	79	7,696
Total..	365,186	21,514,647	1,340	59,263	86	3,747	12,232	158,812	742	69,417

GENERAL PRODUCE EXPORTED FROM MARACAIBO DURING THE
YEAR 1892—Continued.

Date.	Copaiba.		Fustic, &c.	Dividivi.	Fish Sounds.		Brown Sugar.		Deerskins.	
	Bales.	Kilos.	Kilos.		Bags.	Kilos.	Pack-ages.	Kilos.	Bales.	Kilos.
Jan. 11-29	15	547	416,922	..	..	..	774	31,192	8	735
Feb. 2-27	18	736	736,711	46,000	23	2,113	..	..	4	461
March 1-31	15	621	884,142	..	57	4,830	80	3,680	1	118
April 3-28	20	721	997,082	..	20	1,629	402	18,928	6	716
May 1-25	30	1,284	974,166	198,305	34	2,200	324	14,800	4	406
June 3-24	..	..	57,000	55,200	1	90	245	11,166	5	588
July 4-30	..	..	96,425	..	1	69	140	6,444	5	636
August ..	10	414	358,695	220,412	..	..	869	38,668	2	169
Sept. 2-24	22	950	151,048	..	8	793	367	10,870	5	639
Oct. 1-31	10	414	504,685	88,267	2	218	434	13,220	1	151
Nov. 3-30	..	..	46,000	..	10	899	288	10,300	3	364
Dec. 6-29	..	..	74,851	83,720	9	785	140	5,672	..	..
Total ..	140	5,687	5,297,727	691,904	165	13,536	4,063	164,940	44	4,983

VIRGINIA.

Virginian Committee.

Rt. Hon. Sir John Lubbock,
Bart., M.P., *Ex officio*.
H. R. Beeton, Esq.
Walter Chinnery, Esq.
David Clark, Esq.
A. E. Franklin, Esq.
R. H. Glyn, Esq.
E. Humphreys, Esq.
Henry Joachim, Esq.

D. Marks, Esq.
H. C. Mayhew, Esq.
B. Newgass, Esq.
D. Oppenheimer, Esq.
Captain W. W. Ross.
C. Satterthwaite, Esq.
W. Trotter, Esq.

Secretary.

Charles O'Leary, Esq.

The award of the Commission appointed to distribute the New Bonds received from the State of Virginia in exchange for the Old Securities deposited with the New York Virginia Bondholders' Committee, was published on May 8th, 1893, and was as follows :—

AWARD

Of Distributing Commission under "Plan and Proposition" of Settlement of November 28th, 1890.

VIRGINIA STATE DEBT.

Whereas by an Agreement dated the 12th day of May, 1890, made between Frederic P. Olcott, Charles D. Dickey, Junior, William L. Bull, Hugh R. Garden, Henry Budge, of New York, and John Gill, of Baltimore, and their successors, therein and hereinafter styled the Bondholders' Committee, of the first part, and such Creditors of Virginia as should deposit their Obligations as thereby provided, of the second part, Power, as therein expressed, was given to the Bondholders' Committee to bring about a Settlement of the respective claims of the Depositors against Virginia, as represented by the

Obligations deposited, and provision was made for the formulation by the Bondholders' Committee of a Plan of Settlement which should become effective as therein expressed, and for the purposes of the said Agreement the Debt of Virginia was divided into the four classes specified in the 10th clause of the said Agreement,

And whereas a large quantity of Obligations of the said State were deposited in pursuance of the said Agreement, and Certificates of deposit in respect thereof were issued to the Depositors,

And whereas on the 28th day of November, 1890, the Bondholders' Committee formulated a Plan and Proposition for the adjustment of the Debt of Virginia by which (Clause First) it was provided that the said Committee should surrender to Virginia all the Obligations deposited under the said Agreement, and receive in full satisfaction therefor such an amount of New Bonds as might be agreed upon between the said Committee and the representatives of the State as therein mentioned, and by Clause Third it was provided that the distribution of the New Securities among the depositing Creditors should be adjusted by a Commission to consist of the undersigned Stephen Nelson Braithwaite, John Henry Daniell and Edward J. Phelps,

And whereas an Act of the General Assembly of Virginia of the Session 1891-2, Chapter 325, approved February 20th, 1892, reciting an Agreement come to with the Bondholders' Committee, provides for the issue of \$19,000,000 of New Bonds of the State in lieu of \$28,000,000 of outstanding Obligations of the State, such Bonds to be dated July 1st, 1891, to be payable on July 1st, 1991, and to bear Interest from date at 2 per cent. per annum for the first 10 years, and 3 per cent. per annum for 90 years, and to be issued in exchange for the outstanding Obligations of the said State in the proportion of \$19,000 of the said New Bonds for every \$28,000 of old outstanding Obligations surrendered as therein mentioned,

And whereas the Bondholders' Committee have surrendered to the said State the Obligations deposited pursuant to the said Agreement of May 12th, 1890, and have received from the State in exchange therefor New Bonds of the said State issued pursuant to the said Act or a manuscript Bond representing the same for the sum of \$16,359,860, and the Interest which has become payable in respect thereof from July 1st, 1891, and Certificates of Indebtedness of West Virginia for \$553,082.39 in respect of a portion of the said Old Deb surrendered comprised in the First Class,

Now, therefore, we, the undersigned, in pursuance of the powers for this purpose vested in us by the said Plan and Proposition of Settlement of November 28th, 1890, hereby award and direct that the said New Bonds of the State of Virginia for \$16,359,860 and all Interest thereon received or to be received by the said Bondholders' Committee and the said Certificates of Indebtedness of West Virginia, shall be distributed by the said Committee among the Holders of Certificates of Deposit issued in respect of the Old Obligations of the said State deposited pursuant to the said Agreement of May 12th, 1890, in the proportions and manner following, that is to say :

Fourth Class.

To Holders of Certificates of Deposit for Tax-receivable Coupons and for Interest payable prior to July 1st, 1890, on Consols and Ten Forties New Bonds for 75 per cent. of the face or par value of the said Coupons or Interest.

Third Class.

To Holders of Certificates of Deposit for Ten Forty Bonds and the half-year's Coupons or Interest payable July 1st, 1890, and subsequently in respect thereof, New Bonds for 70 per cent. of the face or par value of the Principal of such Ten Forty Bonds.

A deduction of $\$1.10^{\frac{10}{100}}$ * in New Bonds shall be made in respect of each half-yearly Coupon or Interest payable on and after July 1st, 1890, on Ten Forty Bonds which shall not have been deposited with such Bonds.

Second Class.

To Holders of Certificates of Deposit for Consols Bonds and the half-year's Coupons or Interest payable July 1st, 1890, and subsequently in respect thereof New Bonds for 75 per cent. of the face or par value of the Principal of such Consols Bonds.

A deduction of $\$2.25^{\frac{25}{100}}$ * in New Bonds shall be made in respect of each half-yearly Coupon or Interest payable on and after July 1st, 1890, on Consols Bonds which shall not have been deposited with such Bonds.

First Class.

To Holders of Certificates of Deposit for Old Bonds and the half-year's Coupons or Interest payable July 1st, 1890, and subsequently in respect thereof New Bonds for 60 per cent. of the face or par value of two-thirds of the Principal of such Old Bonds and Certificates of

* This deduction is per \$100 Bond.

Indebtedness of West Virginia for the remaining one-third of such Principal and for one-third of the Interest up to the 1st July, 1891, carried by or deposited with such Bonds.

To Holders of Certificates of Deposit for Pealer Bonds and the half-year's Coupons or Interest payable July 1st, 1890, and subsequently in respect thereof New Bonds for 60 per cent. of the face or par value of the Principal of such Pealer Bonds.

A deduction at the rate to be ascertained pursuant to the next clause shall be made in respect of each half-year's Coupon or Interest payable on and after July 1st, 1890, on Old Bonds or Pealer Bonds which shall not have been deposited with such Bonds.

To Holders of Certificates of Deposit for Coupons and for Interest payable prior to July 1st, 1890, on Old Bonds and Pealer Bonds, the balance of the said New Bonds for \$16,359,860 which shall remain after providing for the distributions hereinbefore awarded in a *pro rata* distribution, the Coupons and Interest on Old Bonds being for the purposes of such distribution taken to represent two-thirds of the face or par value thereof and the Coupons and Interest on Pealer Bonds being taken at the full face or par value thereof and to Holders of the said Certificates of Deposit for Coupons and Interest on Old Bonds, the balance of the Certificates of Indebtedness of West Virginia for \$553,082.39 which shall remain after providing for the distribution thereof hereinbefore awarded in a *pro rata* distribution in respect of the remaining one-third of such Coupons and Interest.

For the purposes of this Award the following expressions hereinbefore used have the meanings following :—

(a.) New Bonds mean New Bonds of the State of Virginia issued to the Bondholders' Committee pursuant to the said Act approved February 20th, 1892, and include and carry therewith all Interest thereon from July 1st, 1891, paid or to be paid by the State of Virginia in respect thereof, and all such Interest received by the Bondholders' Committee shall be distributed and paid over to the Certificate-holders concurrently with the distribution of the said New Bonds.

(b.) "Tax-receivable Coupons and Interest" of the fourth class mean Coupons and Interest on Consols and Ten Forties and Black Scrip Consol Interest payable prior to July 1st, 1890.

(c.) "Ten Forties" mean Bonds Coupon or registered and Scrip for Bonds issued under the Act of Virginia of March 28th, 1879.

(d.) "Consols" mean Bonds, Coupon Bearer Coupon order or registered and Scrip for Bonds issued under the Act of Virginia of March 30th, 1871.

(e.) "Old Bonds" mean Bonds and Scrip for Bonds issued under any Acts of Virginia passed prior to the Act of March 30th, 1871.

(f.) "Pealer Bonds" mean Bonds and Scrip for Bonds issued under the Act of March 7th, 1872, amending the Act of March 30th, 1871.

As witness our hands the 5th day of May, 1893.

S. N. BRAITHWAITE,
JOHN H. DANIELL,
EDW. J. PHELPS.

The exchange of the New Bonds by the depositaries against the Certificates issued by them was commenced in August last, two years' interest (viz., from July, 1891, to July, 1893) at 2 per cent. per annum accrued on the New Bonds being paid on delivery, less $3\frac{1}{2}$ per cent. commission due to the New York Committee, under the Agreement of May, 1890.

The Virginia Legislature met in December last, and by an Act approved January 31st, 1894, the Conversion which closed on December 31st, 1893, has been re-opened, and has been extended to June 30th, 1894.

The following notice appeared in the *Financial News* of February 17th last :—

COMMONWEALTH OF VIRGINIA.

OFFICE OF THE COMMISSIONERS OF THE SINKING FUND,

RICHMOND, VA., *February 1st, 1894.*

The Legislature has passed an Act, approved January 31st, 1894 allowing all parties holding Virginia Securities who failed to fund them under Act of February 20th, 1892, until June 30th, 1894, to do so on the same terms and under the same conditions as provided in said Act of February 20th, 1892.

Rates for funding the different classes of Securities, etc., will be furnished on application.

All exchange must be done in person or by attorney, as we will not send Bonds through the mails, nor by express, unless the express messenger be empowered to sign a receipt on our books.

JOSIAH RYLAND, JR.,
*Second Auditor and President of Board Commissioners
of the Sinking Fund.*

The Commissioners of Sinking Fund have also been authorised to invest the sum of \$100,000 monthly in purchasing the New Century Bonds out of the surplus in the Treasury. The first bids for that amount were opened on February 20th last, and were awarded to a New York firm who offered to supply the lot at 59.

It will thus be seen that almost immediately after the issue of the New Bonds—under a Settlement whereby the Principal of the outstanding Debt was scaled down in perpetuity about 30 per cent., and the average rate of Interest (without reckoning Interest in arrear) about 66 per cent. for ten years and about 50 per cent. thereafter, on the ground that it was an absolute impossibility to pay more—the State of Virginia is able to invest in two months, out of the surplus in her Treasury, in the purchase of her own depreciated Bonds, a sum in excess of the difference between what the Virginia Committee, acting with the Council, endeavoured to obtain as a minimum, and what the State insisted on giving as the utmost she could afford as annual Interest for the first ten years.

The Second Auditor of the State in his Report for the fiscal year ending 30th September, 1893, also says:—"I am satisfied that the issue of Bonds under Act of February 20th, 1892, will never exceed \$18,250,000."

This means that the total Old Debt outstanding at the time of the recent negotiations was really under \$26,900,000, but the State authorities insisted on putting it down at \$28,000,000 or more.

Comment on these facts is needless, as they speak for themselves.

The total Debt of Virginia in the hands of the Public is estimated by the Second Auditor as follows :—

" Riddleberger " 3 per cents. (Act of Feb. 14th, 1882) ...	\$4,912,254
" Century " 2—3 per cents. (Act of Feb. 20th, 1892) ...	18,250,000
	<u>\$23,162,254</u>

The amount of " Century " Bonds has by the purchase of Bonds of February 20th last been already reduced by \$100,000, and it is understood that the diminution will be continued monthly at the same rate, so that at the end of the year the total amount of the Debt outstanding will be only about \$22,000,000.

The Riddleberger Bonds held by the State Commissioners of Sinking Fund, amounting to \$2,357,576.60 have, in accordance with the provisions of the Act of February 20th, 1892, been cancelled. The State still holds \$1,419,327 Riddlebergers, on account of the Literary Fund.

The following is taken from the Report of the State Treasurer, and shows the operations of the Treasury for the fiscal year ending 30th September, 1893 :—

	Balance in hand Oct. 1st, 1892.	Received in Fiscal Year 1892-3.	Total.	Less Dis- bursed in Fiscal Year. 1892-3.	Balance in hand Oct. 2nd, 1893.
	\$	\$	\$	\$	\$
On account of the Commonwealth	1,117,206	3,297,576	4,414,782	3750,973	663,809
" " Literary Fund ..	63,549	203,410	326,959	283,658	43,301
" " Interest on Pub- lic Debt ..	14,320	1,220,050	1,234,370	205,542	28,828
" " Sinking Fund ..	208,618	42,651	251,269	..	251,269
" " Miller Fund ..	25,714	71,642	97,356	72,128	25,228
Total ..	1,429,407	4,805,329	6,324,736	5,312,301	1,012,435*

* In addition to the above the " Internal Improvement Account " has to its credit \$1,079.92, and the United States Direct Tax Fund 7,600.95.

The amount of Coupons received by the Treasury on judgments has been :—

For the Year	\$
1882	483
1883	40,540
1884	172,997
1885	50,164
1886	56,186
1887	81,620
1888	258,938
1889	214,580
1890	116,782
1891	25,657
1892	60,071
1893	166,699

The Council are glad to announce that the suits under the Coupon Crusher Act have been nearly all settled.

The following notice was inserted in the papers of the 12th March :—

VIRGINIA STATE DEBT.

The Council of Foreign Bondholders announce that they are prepared to make a return of 25 per cent. in respect of the Assessment paid by Bondholders to the Virginia Defence Fund on registration of their Bonds with Messrs. Martin & Co.

The Registration Tickets must be listed and presented at the Councilhouse between the hours of 11 and 2 on Mondays, Wednesdays, and Fridays.

Deposit Lists and all information can be had on application.

Holders of Messrs. Martin's Assessment Tickets are therefore requested to present them at the Councilhouse without delay.

PRINCIPAL LOANS IN DEFAULT IN 1893-94.

ARGENTINA.

LOANS.	Principal Outstanding.	Last Coupon Paid.	Approximate Interest Arrears to Apr. 1st, 1894.
<i>Provincial Loans—</i>	£		£
Buenos Ayres 6%, 1882-6 ..	3,660,100	1st Jan., 1891	713,719
Do. 6%, 1883 (Ensenada)	2,064,900	1st Apr., 1891	371,682
Do. 5%, 1886 (Germany)	2,364,010	2nd Jan., 1891	384,150
	£8,089,010		£1,469,551
Cordoba 6%, 1886	569,100	1st Nov., 1890	116,665
Do. 6%, 1887-8	1,152,600	1st July, 1890	259,335
Do. 6%, 1888 (France) ..	1,957,600	1st Oct., 1890	411,096
	3,679,300		787,096
anta Fé 6%, 1883-4	1,296,300	1st Nov., 1890	265,741
Do. 5%, 1888	1,947,100	15th Oct., 1890	336,685
Do. 5% Westn. and Central Col. Railways, 1887	905,000	1st Oct., 1890	158,375
Do. 5% Santa Fé and Reconquista	1,255,400	1st July, 1890	235,387
	5,403,800		996,188
Corrientes 6%, 1889 .. ..	.. 984,640	1st July, 1890	222,305
San Luis 6%, 1889 .. ..	.. 146,860	1st Nov., 1890	30,105
			252,410
	Totals £18,303,610		£3,505,245
<i>Municipal Loans—</i>			
Cordoba 6%, 1887	198,400	1st Aug., 1890	42,648
Do. 6%, 1889	595,200	1st July, 1890	133,920
	793,600		176,568
Rosario 6%, 1887	198,400	1st Jan., 1891	38,688
Do. 6%, 1888	992,000	1st Sept., 1890	213,280
	1,190,400		251,968
	Totals £1,984,000		£428,536

Cedulas of the Mortgage Bank of the Province of Buenos Ayres—

Currency Issues in circulation December 31st, 1892 = \$215,419,930
 Gold Issue = \$3,258,900

{ Last Coupon paid in full, October, 1890. Partial payments in currency and scrip made to July, 1891. No cash payments have since been made.

Loans.	Principal outstanding	Coupons in arrear, both inclusive.	Approximate Arrears of Interest.
COLOMBIA.			
4½ % of 1873	£1,913,500	$\left\{ \begin{array}{l} \text{Oct. 1st, 1879} \\ \text{(27th Coupon)} \\ \text{1st January, 1893} \\ \text{(79th Coupon)} \end{array} \right\}$	£1,396,437
Do.	.....	$\left\{ \begin{array}{l} \text{Sundry Certifi-} \\ \text{cates for unpaid} \\ \text{Coupons of} \\ \text{above Loan.} \end{array} \right\}$	10,345
	<u>£1,913,500</u>		<u>£1,406,782</u>

NOTE.—There are also some old Securities in circulation, the conversion of which, under the earlier arrangements, has been omitted.

FORMER CONFEDERATE STATES.

7 % of 1863 (Cotton Loan)	£2,418,800	$\left\{ \begin{array}{l} \text{1st Sept., 1865} \\ \text{1st March, 1894} \end{array} \right\}$	£4,910,164
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HONDURAS.

5 % of 1867	£78,800	$\left\{ \begin{array}{l} \text{1st April, 1873} \\ \text{1st April, 1894} \end{array} \right\}$	£84,710
10 % of 1867	900,700	$\left\{ \begin{array}{l} \text{1st Jan., 1873} \\ \text{1st Jan., 1894} \end{array} \right\}$	1,936,505
6½ % of 1869	2,176,570	$\left\{ \begin{array}{l} \text{1st Mar., 1873} \\ \text{1st Mar., 1894} \end{array} \right\}$	3,119,750
10 % of 1870	2,242,500	$\left\{ \begin{array}{l} \text{1st Jan., 1873} \\ \text{1st Jan., 1894} \end{array} \right\}$	4,619,550
	<u>£5,398,570</u>		<u>£9,760,515</u>

LIBERIA.

7 % of 1871	£100,000	$\left\{ \begin{array}{l} \text{1st Aug., 1874} \\ \text{1st Feb., 1894} \end{array} \right\}$	£140,000
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Loans.	Principal outstanding.	Coupons in arrear, both inclusive.	Approximate Arrears of Interest.
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LOUISIANA.

7 % Consolidated of
1874 Certificates of
Claim (\$5=£1) ...

£184,432	—	...	—
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NOTE.—Issued under notarial protests by the Council of Foreign Bondholders in London, in accordance with the Resolutions of May, 1875, for the loss of 40 % Principal involved in the conversion of the corresponding amount of Bonds (held in England) under the Funding Act of January, 1874.

MISSISSIPPI.

6 % of 1831-3 (A.)	£400,000	.....	{ 1st March, 1841 1st March, 1894 }	...	£1,284,000
5 % of 1838 (B.)	1,000,000	.....	Do.	...	2,675,000
	<u>£1,400,000</u>				<u>£3,959,000</u>

NOTES.—(A.) "Planters' Bank" Bonds. (B.) "Union Bank" Bonds.

WEST VIRGINIA.

Certificates.....	<u>£3,047,874</u>	{ Being West Virginia's one-third Share of the old Debt of Virginia appor- tioned 1st July, 1871, not yet recog- nised by West Virginia.
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SUMMARY OF PRINCIPAL LOANS IN DEFAULT IN 1893-94.

STATES.	Approximate Prin- cipal Outstanding.	Approximate In- terest Arrears.
ARGENTINA PROVINCIAL LOANS...	£18,303,610	£3,505,245
Do. MUNICIPAL do. ...	1,984,000	428,536
Do. PROVINCIAL CEDULAS	15,013,108	—
COLOMBIA*	1,913,500	1,406,782
FORMER CONFEDERATE STATES...	2,418,800	4,910,164
HONDURAS	5,398,570	9,760,515
LIBERIA	100,000	140,000
LOUISIANA (CERTIFICATES) ...	184,432	—
MISSISSIPPI	1,400,000	3,959,000
WEST VIRGINIA	3,047,874	—
Total	£49,763,894	£24,110,242

* See Note to Colombia, page 349.